

security



Inside

**An Assessment of the Aldrich H. Ames
Espionage Case
and its
Implications for U.S. Intelligence**

A report of the
U.S. Senate Select Committee on Intelligence
November 1, 1994

19960808 052

bulletin

awareness

Department of Defense Security Institute, Richmond, Virginia

security awareness bulletin

Approved for open publication

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Editor's Note for the Security Educator

This issue of the Security Awareness Bulletin is devoted entirely to the U.S. Senate Select Committee report on the case of Aldrich Ames. When the report was issued in this unclassified form on November 1, we recognized that this is something that security educators everywhere need to have in hand as soon as possible. Therefore, we have gone ahead with this special edition less than a month after our 3-94 issue on Acquisition Systems Protection.

As described by its authors, Part One of the Senate Committee report presents in chronological order a factual summary of the case, beginning with the start of Ames's career at CIA and ending with his arrest. It does not include all the information available to the Committee, but summarizes the key facts as the Committee perceives them. For the sake of readability, we have omitted the reference citations to other source documents found at the end of many of the paragraphs in this case study.

Mainly due to size constraints, we were not able reprint the several appended items in Part Two of the report. However, Part One is followed by a selectively edited version of the Conclusions and Recommendations in Part Two that are pertinent to the Defense community. The message here for our security professionals is that the conditions and organizational climate in the Central Intelligence Agency that prevented the early identification of Aldrich Ames as a high-risk employee, and later as a spy, may exist elsewhere. No organization is immune to complacency and the "it can't happen here" mentality.

A full text of both parts and appendices can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington D. C. 20402. Phone (202) 512-1800 (Stock Number 052-070-069-77-5). The cost is \$5.00.

INTRODUCTION

On February 21, 1994, agents from the Federal Bureau of Investigation (FBI) arrested a 52-year old employee of the Central Intelligence Agency (CIA), Aldrich Hazen Ames, outside his Arlington, Virginia residence, on charges of conspiracy to commit espionage on behalf of Russia and the former Soviet Union. According to the affidavit supporting the arrest warrant, these activities had begun in April 1985, and continued to the time of the arrest. Ames's wife, Maria del Rosario Casas Ames, was arrested inside the residence on the same charges shortly after her husband was taken into custody.

Announced publicly the following day, the arrests prompted outrage and alarm across the country. Ames had been an employee of CIA for 31 years, with most of his career spent in the Directorate of Operations, which is responsible for carrying out CIA clandestine operations around the globe. While the precise extent of Ames's espionage activities was unclear at the time of his arrest, Justice Department officials confirmed that Ames was believed to have caused the death or imprisonment of a number of Soviets who had been sources of the CIA and FBI. There were calls in Congress for curtailing aid to Russia, and legislative proposals were introduced within days of the arrests to bolster government security practices. A CIA team was sent to Moscow to speak with the Russian intelligence services, but returned empty handed.

President Clinton directed that the senior intelligence officer at the Russian Embassy in Washington be expelled from the United States in retaliation, while at the same time cautioning against treating the episode as a cause for disrupting the fragile political relationship with Russia.

The affidavit made public at the time of the arrests also confirmed that Ames had received substantial payments for the information he had provided — money that he had used years earlier to purchase a new Jaguar automobile and a \$540,000 home, with cash, in Arlington. Apparently, these seemingly large expenditures by an employee making less than \$70,000 a year had not raised questions at the CIA.

The Senate Select Committee on Intelligence (hereinafter "the Committee") received its initial briefing regarding the case on the day the arrests were publicly announced. The facts contained in the affidavit supporting the arrest and search warrants were summarized by representatives of the FBI. While recognizing the need to avoid actions that might complicate or hamper the ongoing FBI investigation and ultimately the Justice Department's prosecution of the case, the Committee was deeply concerned that Ames had been able to carry out his espionage activities without detection for a period of nine years, despite the presence of circumstances which indicated a security problem. What had gone wrong?

To answer this question, the Chairman and Vice Chairman of the Committee wrote to Frederick P. Hitz, the Inspector General of the CIA on February 23, 1994, requesting a comprehensive investigation of the Ames case. On March 1, the Committee met in closed session with Mr. Hitz to discuss the plans to investigate the Ames case.

In the meantime, the Committee continued to receive off-the-record briefings from the FBI and CIA regarding the progress of the ongoing investigation. The searches of Ames's office and residence conducted after the arrests yielded additional evidence of his relationship with the KGB and, since 1991, with its successor intelligence service, the SVR. Indeed, it appeared that Ames may have received approximately \$2.5 million for the information he provided. It was clear the case represented a security breach of disastrous proportions.

On March 10, 1994, the Committee heard testimony in executive session from Director of Central Intelligence, R. James Woolsey, about the interim actions he was taking in light of the Ames case. This testimony was supplemented by a letter from the Director on March 24, 1994, advising the Committee that he would not promote, advance to a more responsible position, or provide any job-related recognition to, those responsible for supervising Ames or for dealing with issues related to the Ames investigation until the Inspector General had submitted his report on the case. Additional steps to tighten

security at the CIA were also outlined in the letter.

On April 13, 1994, the Committee held another closed session regarding the Ames case specifically to obtain the response of the CIA to certain stories which had appeared in the press. In particular, CIA witnesses denied press accounts that Ames had been warned by a superior that he was under investigation for espionage.

On April 28, 1994, Ames and his wife, Rosario, pled guilty to charges stemming from their espionage activities. Entered into the record at the time the pleas were made was an agreed-upon "Statement of Facts" which provided new details regarding the Ames's espionage activities. Meetings with the Soviets in Washington, D.C., Vienna, Bogota, and Caracas were acknowledged for the first time. Ames also acknowledged that as of May 1, 1989, he had been paid over \$1.8 million by the KGB and that \$900,000 more had been set aside for him.

In a statement read to the court at the time the plea agreements were entered, Ames admitted having compromised "virtually all Soviet agents of the CIA and other American and foreign services known to me" and having provided to the Soviet Union and to Russia a "huge quantity of information on United States foreign, defense and security policies." Ames went on to say:

For those persons in the former Soviet Union and elsewhere who may have suffered from my actions, I have the deepest sympathy even empathy. We made similar choices and suffer similar consequences.

As part of their plea agreements, both defendants agreed to cooperate fully with the government to explain the nature and extent of their espionage activities. Both signed agreements forfeiting the proceeds of their espionage activities to the U.S. Government. Ames was sentenced to life in prison, his wife later received 63 months in prison.

With a trial of the Ames case obviated by the plea agreements, the Committee was no longer constrained in its inquiry by the possibility of interfering with the criminal prosecution. At closed hearings held on May 6, June 16, and June 28, the Committee focused upon Ames's espionage activities as well as the handling of the case by the CIA and FBI. On July 18 a full day was devoted to a staff briefing by representatives of the CIA and FBI, who covered the case from start to finish.

These proceedings were supplemented by an interview of Ames by Chairman DeConcini which occurred on August 5, 1994, at a secure facility in Northern Virginia. In mid August, copies of the transcripts of the debriefings of Ames by the FBI were provided to the Committee, as well as copies of the interview summaries performed by the FBI during the criminal investigation.

On September 24, 1994, the Inspector General of the CIA submitted the report of his investigation to the Committee. Over 450 pages in length, the report provided a comprehensive, thorough, and candid assessment of how the CIA had handled the Ames case. Based upon interviews with over 300 people, including several interviews with Ames himself, and documentary evidence totaling over 45,000 pages, the report provided a wealth of new information. The Committee, in fact, relied heavily on this extraordinary report in the preparation of this report.

Factual Summary Of The Ames Case

A. Ames's Professional and Personal Life Prior to his Espionage Activities

1. 1941 to 1969

Aldrich Hazen ("Rick") Ames was born in River Falls, Wisconsin on May 26, 1941, to Carleton Cecil Ames and Rachel Aldrich Ames. Aldrich Ames was the oldest of three children and the only son. Carleton Ames received his doctorate from the University of Wisconsin and taught at River Falls State Teacher's College; Rachel Ames taught English at a local high school. According to the IG report, the elder Ames came to work for the CIA's Directorate of Operations (DO) in 1952. The family moved to the northern Virginia suburbs, and his wife secured a job teaching English in the Fairfax County public schools.

The elder Ames had one overseas tour — accompanied by his family, including Rick — in Southeast Asia from 1953 until 1955. CIA records reflect Carleton Ames received a particularly negative performance appraisal from this tour, and that the elder Ames had a serious alcohol dependency. Carleton Ames returned to CIA Headquarters after his overseas tour, and after a 6-month probationary period, remained in the Directorate of Operations until his retirement from the CIA in 1967 at the age of 62. Carleton Ames died five years later of cancer in 1972.

In 1957, after his sophomore year at McLean (Virginia) High School, Rick Ames secured a summer job at the CIA as a General Schedule (GS) 3 on the federal government salary scale. (The federal government GS scale is a matrix of standard salaries from the lowest, GS 1, to the highest, GS 15). He served as a Records Analyst, where he marked classified documents for filing. He returned to the same job each summer through 1959.

After graduating from high school, Ames entered the University of Chicago in the fall of 1959, where he pursued a long time passion for drama, and where he intended to study foreign cultures and history. In the summer of 1960, he again obtained employment at the CIA, working as a laborer/painter at a facility in Virginia. He returned to the University of Chicago in the fall of 1960, but because of failing grades resulting from his

devotion to the theater, he did not finish out the school year. Instead, he worked as an assistant technical director at a Chicago theater until February 1962, when he returned to the Washington, D.C. area and obtained full time employment at the CIA as a GS 4 clerk typist. At this time he performed essentially the same type of clerical duties he had performed during his summers in high school.

During his March 23, 1962 "entrance on duty" polygraph examination, Ames admitted that in November 1961 he and a friend, while inebriated, had "borrowed" a delivery bicycle from a local liquor store, were picked up by the police, and subsequently released with a reprimand. The polygraph examiner noted that Ames was "not sparkling, but a friendly, direct type" who was generally cooperative during the interview. Ames passed the polygraph examination, and his initial Background Investigation (BI), completed on May 18, 1962, revealed no negative information from police or credit bureau records.

Ames remained a document analyst at the Agency within the Directorate of Operations (DO) for the next five years while attending George Washington University on both a part time and full time basis. In September 1967, he graduated with a B minus average and a bachelors' degree in history. During this period, Ames was arrested for intoxication in the District of Columbia in April 1962. The following year, Ames was arrested for speeding, and again for reckless driving in 1965. According to Ames, at least one of these latter incidents was alcohol related. By 1967, Ames had attained the grade of GS-7, having received good performance appraisals from his supervisors.

According to the IG report, Ames originally viewed his work as a records analyst as a stopgap measure to finance his way through college. Once he obtained his diploma, however, Ames applied and was accepted into the Career Trainee Program at the CIA in 1967. During this training, the CIA taught Ames the skills necessary for CIA officers

to recruit and manage agents those individuals who provide the CIA with information or other forms of assistance. Such officers are known within the CIA as "operations officers" or "case officers."

The CIA conducted a psychological assessment of Ames prior to his training as an operations officer, a routine procedure for all successful applicants. Ames placed on the low end of the spectrum in terms of the qualities necessary for a successful career as an operations officer. Ames appeared to be an intellectual and a loner, rather than a gre-

garious person capable of meeting and recruiting people of diverse backgrounds and cultures. But at the conclusion of his training, Ames was assessed as a "strong" trainee, depicted as intelligent, mature, enthusiastic, and industrious.

During this period, Ames met his first wife, also a participant in the CIA's Career Trainee Program. They were married in May of 1969.

Upon his graduation from the trainee program in October 1968, Ames was promoted to GS-10 and in October 1969 was given his first overseas assignment to Ankara, Turkey.

2. 1969 to 1981

Ames's Tour In Ankara

Ames was accompanied by his wife to Turkey where he worked as an operations officer. Pursuant to CIA policy, his wife was required to resign from the Agency, but continued to perform part-time administrative work in her husband's office.

During his first year in Ankara, Ames was rated as a "strong" performer and was promoted to GS-11 in 1970. His performance during the second and third years gradually declined. At the end of the second year, he was rated as "proficient", and by the end of the third year, Ames's superiors considered him unsuited for field work and expressed the view that perhaps he should spend the remainder of his career at CIA Headquarters in Langley — a devastating assessment for an operations officer. Ames's overall evaluation was "satisfactory". Ames was deeply bothered and discouraged by this critical assessment of his job performance. Indeed, Ames would subsequently reflect to colleagues in 1988 that his Ankara tour was "unhappy" and "unsuccessful" and he seriously considered leaving the CIA.

Ames's Subsequent Assignment in the U.S.

In 1972, Ames returned to CIA headquarters where he spent the next 4 years in the Soviet-East European (SE) Division of the DO. In 1973, he was given Russian language training, and thereafter was assigned to a position where he supported CIA operations against Soviet officials in the U.S. While at Headquarters, Ames won generally enthusiastic reviews from his supervisors, apparently because he was more proficient in managing paperwork and planning field operations than being

"on the front lines" as an agent recruiter.

Yet evidence of Ames's drinking problems also surfaced during this period. At a Christmas party on December 20, 1973 Ames became so drunk that he had to be helped to his home by employees from CIA's Office of Security. The following Christmas, Ames also became intoxicated and was discovered by an Agency security officer in a compromising position with a female CIA employee. Each incident resulted in an Office of Security "eyes only" memorandum being placed in his security file, but it does not appear that his supervisors were made aware of these incidents.

Ames served as a desk officer supporting field operations through June 1976. He received four evaluations rating him as a "strong performer" and one as "proficient", and there were occasional commendations for his motivation and effectiveness. However, these favorable evaluations also noted Ames's procrastination and inattention to detail — issues that would become chronic problems.

Following his tour at CIA headquarters, Ames was assigned to New York City from 1976 until 1981, where he handled two important Soviet assets for the CIA. The performance appraisals Ames received during this period were the highest of his career. Rated four of the five years as "superior" or "invariably exceeding work standards," Ames's supervisors regarded him as interested, articulate, and capable. As a result of these evaluations, Ames received several promotions and a bonus. At the conclusion of his New York tour in 1981, he was ranked near the top of all operations officers at his grade level (GS-13). Subse-

quently, in May 1982, largely on the basis of his performance in New York, Ames received what was to become his last promotion to GS 14.

Despite his generally favorable performance in New York, Ames's supervisors continued to note his tendency to procrastinate, particularly in terms of his late submissions of his financial accountings and operational contact reports.

Ames's inattention to detail led to two significant security violations during this period. In an incident which occurred in 1976 when Ames was on his way to meet a Soviet asset, he left his briefcase on a subway train. The briefcase contained classified operational materials which could have compromised the Soviet asset concerned. Within hours, the FBI retrieved the briefcase from a Polish émigré who had found it, but it was unclear to what extent the information may have been com-

promised. Although Ames himself later reflected that the incident made him consider leaving the CIA, it appears that he received only a verbal reprimand. Several years later, in October 1980, Ames was cited for leaving TOP SECRET communications equipment unsecured in his office, but this, too, did not result in an official reprimand.

During Ames's assignment to New York, it also appears his marital relationship grew strained. He turned down several overseas assignments because his wife preferred to stay in New York. Realizing, however, that frequent rejections of overseas assignments would negatively impact on his career, Ames accepted an assignment in September 1981 for Mexico where he believed he could stay in fairly close contact with his wife, who remained in New York.

3. 1982 to 1983

In Mexico, Ames continued to specialize in Soviet cases. While his first performance appraisal was generally positive, his second and final evaluations grew progressively weaker. As in Turkey, Ames appeared stronger handling established sources rather than developing new ones. While in Mexico, Ames spent little time working outside the office, developed few assets, and was chronically late with his financial accountings. Ames's evaluations were "generally unenthusiastic", and focused heavily on his poor administrative work. Nevertheless, Ames's superiors gave him overall grades which indicated he "occasionally exceeds the work standards" and his "performance is good."

CIA records reflect that in 1982, Ames was considered for a Deputy Chief of Station assignment in another Latin American country. Yet neither of his immediate supervisors supported the assignment, primarily because of his mediocre job performance.

Ames Meets Rosario

While he had hoped that his marriage could endure during his unaccompanied tour in Mexico, Ames engaged in at least three extramarital affairs during the early part of this assignment. Toward the end of 1982, Ames realized he had no desire to salvage his marriage. It was during this period in late 1982 that he met Maria del Rosario Casas Dupuy (hereinafter referred to as "Rosario"), the

cultural attaché at the Colombian Embassy in Mexico City.

They were introduced through a CIA colleague of Ames who had recruited Rosario in October 1982 as a paid source. By virtue of her membership on the board of the local diplomatic association, she knew diplomats from many of the embassies in Mexico, including a KGB officer who served on the same board.

Ames's relationship with Rosario grew increasingly serious until he eventually proposed marriage to her. Despite Agency regulations, Ames did not report his romance with a foreign national to his superiors. Some of Ames's colleagues were aware of the relationship, but this did not prompt Ames to file the necessary report.

Ames's Drinking Problem

Ames's lackluster performance appraisals during the Mexico assignment were partially due to a growing pattern of heavy drinking. In an interview with Chairman DeConcini, Ames noted that he had a reputation for "regularly going out with a group of people, taking long lunches, and having too much to drink." He recalled one particular episode at a diplomatic reception at the American Embassy in Mexico City, where he had had too much to drink and became involved in a loud and boisterous argument with a Cuban official. On another occasion, Ames was involved in a traffic accident

in Mexico City and was so drunk he could not answer police questions or recognize the U.S. Embassy officer sent to help him.

According to Ames, the episode with the Cuban official "caused alarm" with his superiors. He was counseled by one superior, and another supervisor sent a message to CIA headquarters recommending that Ames undergo an assessment for alcohol abuse when he returned to the United States.

On Ames's return from Mexico, he had one counseling session but there was no follow up program of treatment. Ames was administered blood tests which proved normal, and he denied to the counselor that he had a drinking problem. The IG report indicates that the medical office was not aware of, and did not request, additional information about Ames's drinking habits, either from the Office of Security or the DO, prior to the counseling session.

Ames said in an interview after his arrest that there were "many much more serious problems of alcohol abuse" within the directorate. He said that his alcohol problem had "slopped over" only once during a formal occasion (at the embassy reception in Mexico City), and only on "a couple of less

formal occasions."

In February 1983, the CIA Office of Security conducted a routine background investigation of Ames. The investigative report noted that Ames was a social drinker who was inclined to become a bit enthusiastic when he overindulged in alcohol. But no serious alcohol problem was identified.

Furthermore, although Ames's supervisor in Mexico City had recommended to CIA headquarters that Ames be counseled for his drinking problem, this was not made known at the time to his prospective supervisors in the SE Division, who were unaware of this growing personal problem.

In April 1983, a former colleague of Ames, who had served with him in New York and was now in a supervisory position in the SE Division of the DO, requested that Ames be assigned to a position in the SE Division after his tour in Mexico. Despite his poor performance and alcohol problem, Ames's Mexico City supervisors did not object to his new assignment, which placed him in the most sensitive element of the DO — responsible for the Agency's Soviet counterintelligence activities.

4. September 1983 to April 1985

When Ames returned to headquarters in September 1983, he was made counterintelligence branch chief for Soviet operations, responsible for analyzing selected CIA operations involving Soviet "assets." Ames was regularly involved in reviewing whether asset cases were genuine, whether there were security problems evident, or whether a particular agent had been compromised.

In this counterintelligence function, Ames was in a position to gain access to all CIA operations involving Soviet intelligence officers worldwide. His assignment also gave him access to all CIA plans and operations targeted against the KGB and GRU intelligence services.

In March 1984, in addition to his full time responsibilities as chief of the Soviet counterintelligence branch, Ames began providing intermittent support to a CIA field office responsible for developing Soviet sources in Washington, D.C. area. He met occasionally with one Soviet official to assess that individual as a potential source, and when that individual returned to the Soviet Union,

Ames established a new relationship with another Soviet embassy official, Sergey Dmitriyevich Chuvakhin, also to assess him.

Ames conducted these contacts with the approval of the CIA local field office, the FBI, as well as the approval of his immediate supervisor in SE Division. Ames was required to report all such contacts to the CIA, and the CIA was required to coordinate these activities with the FBI. The Committee was advised that it was not unusual for CIA officers, posted to headquarters, to support other ongoing CIA operations in this manner.

Judging from his performance appraisals, Ames performed well in his new assignment in the SE Division. His ratings were noticeably improved over those in Mexico City. He was judged "above average" and described as "something of a Soviet scholar...(with) considerable experience in working sensitive cases." He was also cited as a good manager. His supervisor — the same one who had given him the highest possible ratings in New York downgraded Ames slightly to a rating which

indicated he "frequently exceeds the work standards" and his "performance is excellent." There was no evidence in his file of the drinking problem that had surfaced in Mexico.

In November 1983, Ames submitted an "outside activity" report to the Office of Security, noting his relationship with Rosario Casas. This was shortly before Rosario came to the United States and began living with Ames in his Falls Church apartment.

On April 17, 1984, Ames notified the CIA of his intention to marry Rosario. In accordance with CIA policy, this triggered a background investigation of Rosario. On August 27, 1984, Rosario was given a polygraph exam, which is standard procedure for a foreign national marrying a CIA officer. She passed the exam with no indication of deception. The Office of Security completed a background investigation of Rosario on November 5, 1984 which included interviews with five of her friends and associates, some of whom commented that "she came from a prominent, wealthy family in Colombia." However, CIA did not conduct any specific financial checks in Colombia to verify these statements.

While the polygraph examination and background investigation did not turn up any derogatory information concerning Rosario, the counterintelligence staff of the DO nonetheless recommended that in light of Ames's intent to marry a foreign national, he be transferred from his position as branch chief in the counterintelligence section of the SE Division to a less sensitive position in the Directorate of Operations. This recommendation was accepted by the Deputy Director for Operations (DDO), but there is no record of any further action by DO management.

In the summer of 1984 or 1985, after consuming several alcoholic drinks at a meeting with his Soviet contact, Ames continued to drink at a CIA FBI softball game until he became seriously inebriated. Ames had to be driven home that night and "left behind at the field his badge, cryptic notes, a wallet which included alias identification documents, and his jacket." Some recall that senior SE Division managers were either present or later made aware of this incident, but the record does not reflect any action was taken as a result.

Ames was involved in another breach of security in the fall of 1984, this time involving Rosa-

rio. Ames had been temporarily detailed to work in New York. It had been arranged that Ames and two other officers would travel to New York and stay at Agency-provided housing. Ames showed up with Rosario. One of the other officers complained to a local CIA officer that Rosario's presence in the Agency housing compromised the cover of the other case officers as well as their activities. A second CIA officer confronted Ames and reported the matter to senior CIA management in New York. Ames says he complied with a management instruction to move to a hotel room. There is no record that any disciplinary action was taken against Ames in this matter, but both Ames and a Headquarters officer recall that Ames was told that he had exercised bad judgment when he returned to Washington.

Divorce and Financial Pressures

In October 1983, Ames formally separated from his first wife, who by this time had found new employment and continued to live in New York. The couple ratified a "Property Stipulation" in which Ames agreed to pay her \$300 per month for 42 months, beginning in June 1985 and continuing through November 1989. This placed a new cumulative debt on Ames of \$12,600. Ames also agreed as part of the separation agreement to pay all the outstanding credit card and other miscellaneous debts, which totaled \$33,350.

The IG report indicates that Ames believed his divorce settlement threatened to bankrupt him. At the same time, Ames acknowledged that his indebtedness had grown since Rosario came to live with him in December 1983. He faced a new car loan, a signature loan, and mounting credit card payments.

On September 19, 1984, Ames's wife filed for divorce on grounds of mental cruelty. Divorce proceedings began the following month and lasted into the next year.

Ames later told Senator DeConcini that these financial difficulties led him to first contemplate espionage between December 1984 and February 1985:

I felt a great deal of financial pressure, which, in retrospect, I was clearly overreacting to. The previous two years that I had spent in Washington, I had incurred a certain amount of personal debt in terms of buying furniture for an apartment and my divorce settlement had left me with

no property essentially. Together with a cash settlement of about \$12,000 to buy out my pension over time, I think I may have had about \$10,000 or \$13,000 in debt. It was not a truly desperate situation but it was one that somehow really placed a great deal of pressure on me... Rosario was living with me at the time...I was

contemplating the future. I had no house, and we had strong plans to have a family, and so I was thinking in the longer term...

It was these pressures, says Ames, which in April 1985, led him to conceive of "a scam to get money from the KGB."

B. Ames's Espionage and the Government's Attempts to Catch a Spy

1. April 1985 to July 1986

Ames Offers His Services

With his considerable knowledge of Soviet operations and experience in clandestine operations, Aldrich Ames conceived of a plan to obtain money from the Soviets without being detected by the CIA or the FBI.

As summarized in the previous section, Ames routinely assisted another CIA office which assessed Soviet embassy officials as potential intelligence assets. His SE Division manager agreed to and sanctioned his work in this area in late 1983 or early 1984, even though Ames was in a counterintelligence job which gave him access to both former and active CIA operational cases involving Soviet intelligence officers. Ames initially coordinated his contacts with the FBI, and he worked out the operational details with the local CIA office responsible for such operations.

According to Ames, he contacted selected Soviet officials using an assumed name and fake job description identifying himself as a Soviet Union expert with the Intelligence Community Staff.

Using this cover, he met with a particular Soviet official for almost a year. When this official returned to Moscow, he suggested Ames continue his contacts with a Soviet Embassy official Sergey Dmitriyevich Chuvakhin, a member of the Soviet Ministry of Foreign Affairs who specialized in arms control matters. In April 1985, Ames arranged a meeting with Chuvakhin. Chuvakhin thought the meeting was to discuss broad U.S.-Soviet security concerns, and the CIA thought Ames was meeting with Chuvakhin to assess the Soviet as a possible source for U.S. intelligence. In fact, Ames planned to offer the Soviets classified information in exchange for money.

Ames entered the Soviet Embassy in Washing-

ton, D.C. on 16 April 1985 and handed an envelope to the duty officer at the reception desk, while asking for Chuvakhin by name. The message was addressed to the Russian officer he knew to be the most senior KGB officer at the embassy. Although unspoken, it was implied that Ames wanted the letter delivered to the KGB officer. The duty officer nodded his understanding. Ames then had a short conversation with Chuvakhin and departed the embassy.

Inside the envelope left with the duty officer at the Soviet Embassy was a note which described two or three CIA cases involving Soviets who had approached the CIA to offer their services. The CIA believed each to be controlled by the KGB, (i.e. "double agents") and thus, Ames thought that disclosing to the KGB that these Soviets were working with the CIA was "essentially valueless information." Nonetheless, he thought providing such information would establish his *bona fides* as a CIA insider. (Later, Ames disclosed to the KGB that, in fact, the CIA believed these Soviets were controlled "double agents.")

To further establish his *bona fides*, Ames included a page from an internal SE Division directory with his true name highlighted. He also listed an alias he had assumed when meeting Soviet officials earlier in his career. Finally, he requested a payment of \$50,000. Ames has stated he did not ask for a follow up meeting or suggest possible future means of communication with the KGB in this initial letter. Several weeks later, however, Chuvakhin scheduled another luncheon with Ames. According to Ames, he entered the Soviet Embassy on May 15, 1985 and asked for Chuvakhin, but instead was escorted to a private room. A KGB officer came in and passed him a note which said that the KGB had agreed to pay him \$50,000.

The KGB note also stated that they would like to continue to use Chuvakhin as an intermediary between the KGB and Ames. Two days later, on 17 May, Ames met Chuvakhin and received a payment of \$50,000 cash.

Motivation for Continuing his Espionage Activities

Ames has admitted that his motivation to commit treason changed over time. Because of his perception of his growing financial problems, Ames says he initially planned a one time "con game" to provide the Soviets with the identities of their own double agent operatives, in return for a one-time payment of \$50,000 to cover his debts. He guessed the KGB would pay him the \$50,000 and thought this would solve most of his outstanding financial problems.

What motivated Ames to continue the relationship with the KGB after the \$50,000 payment is not altogether clear, even to Ames himself. In an interview with Senator DeConcini, Ames observed that he viewed his request for \$50,000 as a "one time deal." Ames stated that "... (a)t that time in May when I had got the money, I figured I was finished." Ames elaborated in the interview:

I'm still puzzled as to what took me to the next steps. The main factor, on balance I think, was a realization after I had received the \$50,000, was a sense of the enormity of what I had done. I think I had managed under the stress of money and thinking, conceiving the plan I had carried out in April, I saw it as perhaps a clever, ...not a game, but a very clever plan to do one thing. ... (I)t came home to me, after the middle of May, the enormity of what I had done. The fear that I had crossed a line which I had not clearly considered before. That I crossed a line I could never step back. And... I think in retrospect, it is very difficult for me to reconstruct my thoughts at the time. Before April, I can very well. It was a very rational, clever plan, cut between the middle of May and the middle of June ... it was as if I were sleepwalking. I can't really reconstruct my thinking. It was as if I were in almost a state of shock. The realization of what I had done. But certainly underlying it was the conviction that there was as much money as I could ever use. If I chose to do that.

Ames has also told FBI investigators involved in his debriefings that, in retrospect, he left his initial communication with the Soviets open ended

so that they would expect his continued cooperation. After the KGB paid him the \$50,000, according to an FBI official, Ames "decided that he wasn't going to stop at that point."

Increased Espionage Activities

Ames's next step dealt a crippling blow to the CIA's Soviet operations. According to interviews with Ames, without any prompting or direction by the KGB or any promise of additional money, he met again with Chuvakhin on June 13, 1985, and provided copies of documents which identified over ten top-level CIA and FBI sources who were then reporting on Soviet activities. CIA officials have testified that Ames provided the "largest amount of sensitive documents and critical information, that we know anyway, that have ever been passed to the KGB in one particular meeting..." Ames wrapped up five to seven pounds of message traffic in plastic bags and hand carried them out of the CIA Headquarters building for delivery to the KGB, knowing that the CIA no longer examined packages carried out of the building by Agency employees. Ames would use this simple and straightforward method at both CIA Headquarters and during his Rome assignment to provide information to the KGB. In court documents filed for this case, Ames admitted he disclosed the identities of Russian military and intelligence officers who were cooperating with the CIA and friendly foreign intelligence services. Some of these officials held high level jobs within the Soviet military and intelligence services. For example, the court documents stated, one particular asset was "a KGB officer stationed in Moscow who had provided valuable intelligence including, the revelation that the KGB used an invisible substance referred to as 'spy dust' to surveil U.S. officials in Moscow." Ames has also admitted that part of his rationale for exposing these operations to the KGB was because he sought to protect his own role as KGB informant by eliminating those KGB assets who could be in the best position to tell the CIA of Ames's espionage.

The CIA Recognizes a Problem

In the months ahead, the CIA would begin to learn of the loss of the sources identified by Ames on June 13, 1985.

But unbeknownst to the CIA, at virtually the same time Ames began his relationship with the KGB, a former CIA employee, who had had ac-

cess to some of the same Soviet cases which were disclosed by Ames, was himself cooperating with

the Soviets.

Edward Lee Howard

The CIA had hired Edward Lee Howard in 1981, and as part of his training for an initial assignment in Moscow, Howard had been given access to the details of certain CIA operations in the Soviet Union, including identifying information on several CIA sources. In 1983, after Howard made damaging admissions during a polygraph examination which indicated serious suitability problems, the CIA abruptly terminated Howard's employment with the CIA. His bitterness toward the CIA gradually increased over the next year. Late in 1984, Howard decided to retaliate by compromising several CIA operations to the KGB. He is believed to have met with the KGB in January 1985, and again several months later in May 1985, and presumably disclosed the details of several CIA operations.

For CIA officials, the recognition of the source and extent of the losses of its Soviet operations took months to piece together. In May 1985 — several weeks before Ames passed his list of sources to the KGB — officials in the Directorate of Operations began to sense a possible security problem when a CIA source was suddenly recalled to the Soviet Union. Later that summer, the CIA became aware that a Soviet source handled by British intelligence had been recalled to Moscow and was accused of spying.

Then on June 13, 1985 the same day that Ames gave the list of CIA and FBI sources to the KGB in Washington the KGB thwarted a planned meeting between one of the sources disclosed by Ames and a CIA officer in the Soviet Union, indicating to CIA officials that the Soviet asset had been compromised. (Although it is now presumed that Howard had enabled the KGB to identify this source, the source was also among those identified by Ames in his 13 June 1985 transmittal to the KGB.)

The CIA began to focus on Howard as the source of these compromises in August 1985 when a high-level KGB defector, Vitaly Yurchenko, told CIA he had seen cables in 1984 which identified a former CIA employee named "Robert" as a KGB source. Soon afterward, as a result of the debriefings of Yurchenko, the CIA determined that

"Robert" was, in fact, Edward Lee Howard.

While Yurchenko was being debriefed in Washington, Howard was meeting with the KGB in Vienna. At that meeting the KGB warned him that one of their officers with knowledge of his case was missing. On September 21, 1985, two days after a meeting with the FBI where he was confronted with Yurchenko's allegations, Howard eluded FBI surveillance and fled the United States for Helsinki, Finland, and ultimately settled in the Soviet Union. He has effectively eluded U.S. authorities ever since.

More Losses Surface

As the Howard case was unfolding, the CIA learned in September 1985 that a source in Moscow had been arrested for espionage. In October 1985, the CIA learned that a second intelligence asset in a European country, who returned to Moscow in August on home leave, had never returned to his post. In December of that year, the CIA learned that this asset had also been arrested. In January of 1986, the CIA learned that a third source posted in a European country had been taken into custody by Soviet authorities in November and returned to Moscow. These assets, whose arrests were reported in the fall of 1985, were regarded among the most important CIA human sources at the time. All of these sources were later executed.

According to a CIA analysis, Howard had known of none of these agents. Thus, while Howard's treachery had initially clouded the picture, it was clear to the SE Division of the Directorate of Operations by the end of 1985 that the defection of Howard alone could not explain the disastrous events which were unfolding.

Indeed, throughout 1986, CIA continued to learn of Agency operations that had been compromised to the Soviets. As one CIA officer put it, "they were wrapping up our cases with reckless abandon." This was, by all accounts, highly unusual behavior for the KGB. If the KGB had recruited an agent within the CIA, the last thing they would likely do — according to the prevailing wisdom among the Agency's professional "spy

catchers" — would be to draw attention to the agent by suddenly "rolling up" all the cases he knew about. According to the CIA IG report, Ames says that his KGB handlers recognized the dangers of what they had done. They told Ames that they regretted putting him in such a position, but believed their political leadership felt they had little choice but to take those steps.

In all, there were over 20 operations compromised to the Soviets during this period, less than half of which could plausibly be attributed to Edward Lee Howard. In addition, other U.S. intelligence activities which had clearly not been known to Howard were also compromised during this time period.

The compromise of the identities of these intelligence agents amounted to a virtual collapse of the CIA's Soviet operations.

The CIA's Initial Response

Each of the cases the CIA learned had been compromised in the fall of 1985 was separately analyzed by the counterintelligence element of the SE Division to attempt to ascertain the reason for the compromise.

The CIA first suspected that the KGB had penetrated its communications with the field, using either technical means or a human source. To ascertain whether this was true, the CIA in late 1985, ran probes and tests which elicited no discernible response from the KGB.

In reaction to the compromises that had occurred, the SE Division in January 1986, put in place "draconian measures" to limit access to its ongoing Soviet operations and to ensure that communications from the field were accessible only to the few employees of SE Division working on the operations. SE Division greatly limited the number of personnel who had access to the new agent cases.

It is also clear that by January 1986, Director Casey had been apprised of the situation. His initial response appears to have been to request a senior CIA official, a former Inspector General and Deputy Director for Operations, to review each of the cases known to have been compromised and to analyze the reasons for the failures.

According to individual recollections, the senior official concerned provided a 9-10 page memorandum which concluded that each of the com-

promised cases could be attributed to problems evident in each case. The possibility of a technical penetration of CIA facilities or communications also was apparently noted. (The 1994 CIA IG report notes that the theory that each case might have held "the seeds of its own destruction" was "never totally rejected as the answer to the compromises despite the rate at which the SE Division was losing cases, which pointed to more than sheer coincidence."

Apparently motivated by the report from the senior official, DCI Casey convened what is believed to be the first meeting with senior staff of the Directorate of Operations in April 1986 to discuss the compromised cases. According to individual recollections, Casey was told that the SE Division was reviewing the files pertaining to the cases and was exploring the potential for a technical compromise, but no further action resulted from the meeting.

In fact, the SE Division was continuing to get new Soviet cases by this time which appeared to be surviving. This development appears to have led some to conclude several years later that whatever the source of the compromises had been, it no longer seemed to be causing problems.

Ironically, around the same time, the CIA Inspector General and the President's Foreign Intelligence Advisory Board (PFIAB) issued assessments of the CIA's handling of the Howard case, which specifically identified serious institutional and attitudinal problems in the CIA's handling of counterintelligence cases. The PFIAB report noted in particular that "senior CIA officers continued to misread or ignore signs that Howard was a major CIA problem. This myopia was partially ascribed to a fundamental inability of anyone in the SE Division to think the unthinkable — that a DO employee could engage in espionage." The report went on to recommend that CIA component heads report counterintelligence information to the Office of Security, and that the Office of Security serve as focal point for informing the FBI of such matters.

In June 1986, (as SE Division officers reviewed various alternatives to explain the Ames losses,) DCI Casey reacted strongly to the CIA IG and PFIAB findings. He sent a June 4 memorandum to the Deputy Director for Operations (DDO) Clair George saying that he was appalled by the DO's handling of the Howard case, especially the Directorate's "unwillingness to accept even as a possi-

bility a DO officer committing espionage for the Soviet Union." He stated that the DDO and the SE Division Chief were deserving of censure, and DO division and staff chiefs were to be instructed that "the DO must be more alert to possible CI cases in the ranks." In the future, any suggestion of such a development was to be shared with the Director, Office of Security and Chief, Counterintelligence Staff. The memorandum from Casey held the DDO personally responsible for correcting "deficiencies in process, organization and attitude that contributed to (the Howard) catastrophe." Also, the DCI charged the Chief, SE Division to take personal responsibility in the future for the selection of division officers for particularly sensitive posts. The DCI's memorandum was forwarded to the Assistant to the President for National Security Affairs for information.

While Casey reacted strongly to the criticisms of the Agency's handling of the Howard case, his admonitions to the DO do not appear to have significantly affected the efforts to resolve the 1985 compromises.)

Ames Continues His Double Life

While the CIA attempted to sort out what had gone so drastically wrong with its Soviet operations, Ames continued to provide the KGB with classified information from May 1985 until he left for an overseas assignment in Rome in July 1986. Ames met repeatedly with Chuvakhin, his intermediary, and passed a wealth of detail about Soviets targeted by the CIA, double agent operations, the identity of other CIA agents, background information on his past tours, and CIA modus operandi. In the end, the FBI identified over 14 occasions between May 1985 and July 1986 when Chuvakhin met with Ames, although Ames believes there were probably a few more meetings which were not detected by the Bureau.

In order to maintain a plausible cover for his frequent lunches with Chuvakhin, Ames filed reports with the CIA which summarized his meetings, and he met occasionally with CIA and FBI officials to discuss the progress of his recruitment operation targeted against Chuvakhin.

According to testimony from CIA officials, Ames was walking a difficult line:

Rick was trying to play a funny game, you know, because in one sense he was — he wanted to make it look good enough so that everybody

would want to continue the operation, but on the other hand not to make it look so good that people would start to focus on it. And not to make it look so good that when Rick decided to withdraw from it, that someone else would want to take over the case.

By July 1985, Ames stopped reporting to the FBI and the CIA on his meetings with Chuvakhin. He verbally reported some of his contacts to the CIA office he was supporting, and the CIA office passed on the relevant operational details to the FBI. The FBI was aware that the meetings continued and requested that the CIA follow-up to ensure that Ames submitted formal reports of the meetings, as required by both organizations. The FBI presumed that the CIA knew of the meetings and that Ames was simply slow in getting the paper work done. According to FBI officials:

There were two or three times that our people either went over there and finally actually sent a communication over asking CIA why aren't we receiving any of the reports of these meetings. But the reports were never forthcoming and neither CIA nor FBI, followed up. Also, the reports that were made were not shown to his current bosses in SE.

The CIA did attempt to get Ames to provide reports of his meetings with Chuvakhin after he had been reassigned to Rome, but Ames never responded and no further action appears to have been taken.

In fact, there appears to have been a breakdown in the monitoring of Ames's operational relationship with Chuvakhin. Ames's immediate supervisor in SE Division had given his approval for the contacts between Ames and the Soviet Embassy official in early 1984. On the other hand, this manager did not have supervisory authority over the operation against Chuvakhin, a role correctly assumed by the officers in the CIA field office responsible for monitoring CIA contacts with Soviets within the U.S. (These officers had also approved Ames's contacts with Chuvakhin.) Yet the field officers did not monitor his contacts closely, and did not keep Ames's SE Division management well informed about the case, or alert Ames's direct supervisors when Ames failed to report regularly on his meetings.

Senior SE Division supervisors in 1985 who were in positions to know both about Ames's counterintelligence role at headquarters, as well as

about CIA field office operations targeted against Soviet Embassy officials in Washington, have stated that they were unaware of his meetings with Soviet Embassy officials and would have disapproved such meetings had they known of them, in light of Ames's sensitive position in the counterintelligence branch.

Ames received, in addition to the initial payment of \$50,000, regular cash payments during his subsequent luncheons with Chuvakhin, in amounts ranging between \$20,000 and \$50,000. At some point between October and December 1985, the Soviets told him he would be paid an additional \$2 million, above and beyond the recurring cash payments. He was advised that the Soviets would hold the money for him. Ames has said he did not solicit this money and never made any additional request for money beyond his first meeting, but that the KGB promise of \$2 million "sealed his cooperation."

Ames maintained several local bank accounts in his name, as well as in his new wife's name, where he would regularly deposit the cash he received from the Soviets. When Ames received a payment from the KGB, he generally broke it down into smaller cash deposits — in increments under \$10,000 in order to avoid bank reporting requirements which might have led to inquiries by banking regulators.

Sometime after his marriage to Rosario, Ames developed a cover story to explain his increased wealth in order to hide the true source of the funds. His co-workers recalled that Ames did not dispel the notion that Rosario came from a wealthy and established family in Colombia. Ames explained to several colleagues that Rosario had a share of the inheritance and the family business, which continued to generate substantial revenue. Ames claims that he did not express this in the presence of Rosario or close friends since they would know that this was untrue. However, at least one colleague recalls Rosario being present during conversations in Rome when Ames discussed Rosario's family wealth.

Personal and Professional Developments

In addition to initiating his relationship with the KGB, Ames's personal life and CIA career also changed during this period. On 1 August 1985, Ames was given final approval for his divorce from his first wife. On 10 August he married Maria de Rosario Casas Dupuy in the Unitarian

Church in Arlington, Virginia.

At the same time Ames's personal life was taking a new course, there was a significant development in his professional responsibilities. On August 1, 1985, Vitaly Yurchenko, a colonel in the KGB, defected to the United States, and Ames was selected as one of three CIA officers to conduct the debriefings of Yurchenko. Yurchenko was considered one of the most important Soviet defectors in the CIA's history and provided a wealth of information regarding KGB operations targeted against the United States (including the information which led to the identification of Edward Lee Howard, as explained above). In all, Ames debriefed Yurchenko on 20 occasions during August and September 1985. At times he was left alone with Yurchenko. But there is nothing on the record to indicate either that Yurchenko was aware of Ames's relationship with the KGB or that Ames communicated this information to Yurchenko. Ames does admit to advising his KGB contacts at the Soviet Embassy of everything Yurchenko was providing in his debriefings.

During the course of these debriefings, Ames took Rosario to the safe house where Yurchenko was staying, again violating CIA regulations. While the Chief, SE Division was upset by this, it does not appear to have prompted any official action.

In October 1985, Ames left the debriefing effort to begin full-time language training for a new assignment in Rome. During this training, as previously noted, Ames continued to meet with Soviet Embassy official Chuvakhin. Ames had requested assignment in Rome in 1984, but this request was not approved until July 1985, after Ames had begun his espionage activities. While the new assignment did not offer the same level of access to CIA operations as his job in the SE Division, Ames said the KGB never suggested that he attempt to change it.

In early November 1985, shortly after Ames had begun language training, Yurchenko had a change of heart and turned himself in at the Soviet Embassy in Washington. He was soon on his way back to Moscow. There is no evidence that Ames played any direct role in this episode.

1986 Polygraph Examination

At the conclusion of language training and prior to departing for Rome, Ames was required to

take a routine polygraph examination on May 2, 1986. This was his first polygraph since 1976. Ames would subsequently state that he might not have made the decision to commit espionage in April of 1985 if he had known that he was going to be polygraphed the next year. Ames recalls being "very anxious and tremendously worried" when he was informed that he was scheduled for a polygraph exam in May of 1986, one year after he had begun his espionage activity for the KGB.

Ames was tested on a series of issues having to do with unauthorized contacts with a foreign intelligence service, unauthorized disclosure of classified information, and financial irresponsibility.

Ames gave consistently deceptive responses to issues related to whether he had been "pitched" (i.e. asked to work for) by a foreign intelligence service. The CIA examiner noted Ames's reaction to the "pitch" issue but apparently detected no reaction to the other counterintelligence issues covered by the test. When Ames was asked about his reaction during the session, he explained that he was indeed sensitive to the "pitch" issue because, he stated, "we know that the Soviets are out there somewhere, and we are worried about that."

Next the CIA examiner asked a follow on series of questions relating to the "pitch" issue, in order to ascertain why Ames had appeared to give

a deceptive response. Ames responded that since he had worked in CIA's Soviet and Eastern Europe (SE) Division, he had been involved in pitches to potential assets. Also, he hypothesized that he might be known to the Soviets because of a recent defector. He further stated that he thought he might be reacting because he was preparing to go to Rome in July 1986, and had some concerns that he might be pitched there. From this, the polygrapher surmised that Ames had gotten his concerns off his chest, and there was nothing more to tell. Once again, the polygrapher went through the CI questions on the polygraph machine, focusing on the pitch issue. This time, the CIA examiner deemed Ames truthful and concluded the examination, characterizing Ames as "bright [and] direct." The examiner's supervisors concurred with the assessment that Ames was non-deceptive.

According to the FBI, which examined Ames's polygraph charts in June 1993, the deception indicated in Ames's response to the pitch issue in 1986 was never resolved, even though the CIA examiner passed Ames on this exam. Also in the opinion of the FBI, significant deceptive responses by Ames were detectable to questions dealing with unauthorized disclosure of classified material. No additional testing or explanations for these deceptive responses, however, were noted in Ames's polygraph file.

2. July 1986 to July 1989

Ames's Rome Assignment

Ames's managers generally judged his performance in the SE Division as successful, yet in order to advance as an operations officer, Ames needed overseas experience.

According to the CIA IG report, Ames's supervisor had recommended a Rome assignment to him. Ames applied for a position in Rome dealing with Soviet operations, and in July 1985, was approved for the job. Ironically, the European Division Chief who approved Ames's assignment was one of the senior officers who, when stationed in Ankara in 1972 as Ames's supervisor, recommended that Ames was better suited to work at headquarters because of his poor performance.

A message from CIA headquarters to Rome, advising of Ames's forthcoming assignment there,

described him as "highly regarded by SE Division management....", but a senior SE Division officer who knew Ames told the CIA IG that his transfer overseas was seen as a good way to move a weak performer out of headquarters.

Ames's Access to Information

After completing Italian language training, Ames, accompanied by Rosario, arrived in Rome in July 1986, where he began his assignment as chief of a branch which, among other things, dealt with Soviet operations. As a branch chief, Ames had access to the true identities of CIA agents, the details of planned agent meetings, and copies of the intelligence reports produced by these agents. He participated in weekly staff meetings where intelligence assets and potential asset recruitments were discussed. He coordinated double agent operations of the U.S. military services and received

sensitive intelligence reports about worldwide events.

Ames provided whatever he felt was important to the Soviets. Ames has stated that he routinely carried shopping bags full of classified documents out of the office. After Ames's arrest, the FBI was able to confirm that during his tour in Rome, Ames also received and responded to specific tasking by the KGB about past CIA penetrations of the Soviet intelligence services. In recent debriefings, Ames also admitted to providing extensive data to the KGB on the identities of Soviet and Eastern European officials who were cooperating with the CIA.

While Ames had ready access to considerable information of interest to the Soviets, some of Ames's colleagues in Rome stated in FBI interviews that he frequently showed interest in areas unrelated to his immediate area of responsibility. Unfortunately, none of those colleagues ever made this a matter for the record. One officer told FBI investigators that Ames was always asking a lot of questions, saying he was keeping abreast of intelligence information. Other former colleagues in Rome reported that near the end of Ames's tour, he often asked questions about cases which had no relation to his past or current post.

Ames's Meetings With Soviets

Early in his tour in Rome, Ames began meeting and initially reporting on his contacts with Aleksey Khrenkov, his new Soviet intermediary. Code named "Sam II," this official, a Soviet Ministry of Foreign Affairs officer employed at the Soviet Embassy in Rome, served as the liaison between Ames and the KGB.

Ames's meetings with Khrenkov were widely known and accepted within Ames's office, but his supervisors and co-workers assumed he was meeting with Khrenkov to develop him as an intelligence source. Initially Ames informed his superiors in Rome and at CIA Headquarters that the relationship between him and Khrenkov was evolving, and could lead perhaps to a recruitment. At the same time, Ames downplayed the potential of this operation. According to the IG report, Ames attempted to dampen his superiors' enthusiasm for the case by explaining Khrenkov was of limited operational value.

Nonetheless, this operational guise gave Ames the cover to meet overtly with Khrenkov. It was during these meetings that Ames would turn over

classified documents and receive new instructions. Ames failed to submit reports documenting many of these meetings, as required by CIA regulations, and his supervisors do not appear to have closely monitored this relationship.

Some of Ames's colleagues in Rome began to suspect that Ames was not reporting all of his meetings with the Russians. According to the CIA IG report, Ames's supervisor was aware that Ames was in contact with a Soviet embassy officer, but apparently did not query him about the relationship or ensure that he was documenting all of his contacts. One of Ames's subordinates in Rome told the FBI after Ames's arrest that she had suspected Ames was not fully documenting the relationship between himself and the Soviet official. In fact, she had searched the office data base to see whether Ames was reporting all of his contacts. Although she concluded that he was not, she did not notify any senior manager.

KGB Meetings and Payments

In addition to his regular meetings with his Soviet embassy contact "Sam II", Ames met three times in Rome with a KGB official from Moscow, whom he called "Vlad", whom he had previously met in Bogota, Colombia in December 1985. "Vlad" would travel to Rome for the meeting. "Sam II" would pick up Ames in his car, and drive him into a Soviet compound for an evening rendezvous. Ames has said he used a light disguise for these car rides, pulling a hat over much of his face, and crouching low in the car when they drove through the streets of Rome and into the Soviet compound gates.

During these meetings in the Soviet compound, which took place without the knowledge of U.S. officials, Ames and "Vlad" would typically talk for three to four hours about the information Ames provided, and future meeting plans. Then Ames would be driven out of the compound. Ames has claimed that he often drank heavily before and during these meetings.

At most of his meetings with "Sam" and "Vlad", Ames received cash payments that typically varied from \$20,000 to \$50,000 per meeting. In order to handle this large influx of cash, Ames opened two bank accounts in Credit Suisse Bank in Zurich — one in his name, and one in the name of his mother in law. In the latter account, Ames was listed as the primary trustee. Many of his cash deposits in these accounts were in large amounts for

example, one deposit was for over \$300,000. The CIA investigation later determined that Ames deposited a total of at least \$950,000 into the Swiss bank accounts while he served in Rome.

In order to discourage undue scrutiny of his finances by banking officials, Ames avoided frequent or high dollar electronic bank transfers from Rome into his Swiss bank accounts, instead traveling to Switzerland on several occasions with large amounts of cash which he deposited directly into his accounts. Some of these trips were made without the knowledge of his CIA superiors, in violation of regulations requiring that all overseas personal or business travel by CIA employees be approved by CIA officials.

Aldrich and Rosario Ames also spent a considerable amount of his KGB earnings while in Italy. Recent debriefings of officers who served with him indicate there was a general awareness among his co-workers that Ames was affluent. One officer has described Ames's spending as "blatantly excessive," and stated that everyone knew and talked about it. Many of his colleagues were aware that Ames and his wife took numerous personal trips throughout Europe — to Switzerland, London and Germany. One colleague knew that the Ameses had telephone bills totaling \$5,000 monthly. In fact, according to the CIA IG report, the Rome security officer brought Ames's spending and drinking habits to the attention of the senior CIA officer in Rome, but the perception that Ames had created — that Rosario came from a wealthy family seemed to diffuse any security concern over the Ames's extravagant spending habits. No mention of these issues was included in Ames's personnel or security file.

Ames's Professional Record in Rome

Ames's job performance in Rome was mediocre to poor. Of the four job performance evaluations Ames received during his Rome tour, the first two commented positively on Ames's personnel management skills, but noted he needed to do more work in developing new leads. In his second evaluation, Ames's supervisor wrote, "He handles no ongoing cases; his efforts to initiate new developmental activity of any consequence have been desultory.." This was an extremely critical evaluation of an operations officer. The last performance appraisal in Rome, written by a different supervisor, noted Ames's performance was inconsistent

and that "his full potential has not been realized here in Rome." One of Ames's senior managers recently commented that he felt Ames had been a "terminal GS-14" and a lackluster, "middleweight" case officer.

As in previous tours, Ames was persistently late in filing financial accountings of his official expenditures. According to the CIA IG report, Ames blames this on sheer procrastination on his part. This problem was widely known among Ames's supervisors. In fact, Ames's supervisor in Rome confronted him with this problem, leading Ames to close out his account and use his personal funds to pay for job related expenditures. He submitted his expenses for reimbursement, but Ames's new supervisor in Rome made him reopen his operational account.

Ames's job performance was further marred by his alcohol dependency, which resurfaced in Rome and was well known within the office. Once again, however, there was no official record made of his drinking problems. In post arrest debriefings, former Ames's colleagues stated that Ames would go out for long lunches and return to the office too drunk to work. One of his Rome supervisors recalled that Ames was drunk about three times a week between 1986 and 1988. Another colleague commented that in 1987 Ames was very upset when he failed to get promoted, and he began to drink even more heavily. One of Ames's supervisors reportedly once described Ames to a colleague as "one of the worst drunks in the outfit."

On at least two occasions, Ames's alcohol problem came directly to the attention of his supervisors. In the first instance, Ames returned from a meeting with "Sam II" unable to write a message for transmission to Washington, as directed by his supervisors. On the second occasion, Ames became drunk at an embassy reception in 1987. He got into a loud argument with a guest, left the reception, passed out on the street, and woke up the next day in a local hospital.

Ames's supervisor orally reprimanded him for this latter incident. According to the CIA IG report, Ames recalls that his boss came to his office after the incident, and "in an almost sheepish way" attempted to counsel him. The official recalled that he warned Ames another such incident would result in his being sent back to Washington. But no official action was taken as a result of the incident.

Ames's drinking apparently took a personal toll

as well. According to the CIA IG report, Rosario Ames told FBI debriefers that alcohol was partly to blame for damaging her marriage to Rick. She said her marriage had fallen to pieces during their Rome tour, and they had numerous fights.

Conclusion of Ames's Tour in Rome

Although Ames's performance had been mediocre at best and his alcohol abuse well known, Ames's superiors extended his two year assignment in Rome for another year. CIA headquarters officials approved the extension to July 1989.

Near the end of his Rome assignment, between May and July 1989, the KGB provided Ames with two documents which were later retrieved during the FBI investigation into Ames's activities. The first was a financial accounting which indicated that the KGB had provided Ames by that time with approximately \$1.8 million dollars, and that \$900,000 more had been set aside in his name in Moscow. CIA officials have since speculated that the KGB probably provided this influx of funds to motivate Ames to continue spying for them after he returned to Washington.

The second document was a nine-page letter which showed that Ames would be given another \$300,000 in two meetings prior to his departure from Rome. The letter also listed KGB questions for Ames to answer once he returned to headquarters from his Rome assignment. The KGB's top priority was "information about the Soviet agents of CIA and other (security services) of your country." Other priorities included information about double agent operations and leads on possible recruits for the KGB within the CIA. This document also included a new communications plan for Ames's use when he returned to Washington, D.C. Known as an "impersonal" communications plan, the new guidelines were established to increase the security of Ames's communications with the KGB. They proposed dates in the coming year for Ames to pass documents and receive money through impersonal clandestine communication sites, also known as "dead drops."

The new communications plan also called for Ames to meet with his senior KGB officer at least once yearly outside of the United States. Meetings were planned for Bogota, Colombia on the first Tuesday of every December, with additional meeting sites, such as Vienna, Austria, listed as alternative sites if needed.

On July 20, 1989 Aldrich and Rosario Ames returned to Washington, D.C. from Rome.

Compromises Confirmed

By the fall of 1986, as Ames was beginning his tour in Rome, CIA officials had learned of numerous additional intelligence sources who had been arrested or executed. The magnitude of the disaster was apparent. In the words of one CIA officer: "There was a huge problem, (a perception) shared all the way up to the top of the Agency, including Mr. Casey."

According to the CIA IG report, Agency officials now knew that as many as 30 CIA and FBI Soviet operations had been compromised or had developed problems between 1985 and 1986. (Each case represented an individual who was providing useful information, but who may or may not have been a fully recruited individual).

After his arrest, Ames acknowledged that he informed the Soviets about approximately ten top level cases as part of the information he passed on June 13, 1985. Overall, Ames has acknowledged providing the Soviets with information on over a hundred Soviet and East European cases during his espionage. In addition, Ames had access to several hundred other Soviet and East European operational endeavors that he may have passed to the Soviets, but he says he is unable to remember specifics. Even in the fall of 1986, the damage to CIA's Soviet program was seen as immeasurable. In November 1986, the chief of the Soviet Counterintelligence Group in the SE Division wrote a memorandum to his senior management outlining his concerns. The memo described "45 Soviet and East European cases and two technical operations that were known to have been compromised or were evidencing problems." Further, in a January 22, 1987 memo to CIA managers, he added, "It seems clear, if only from the statistics, that we have suffered very serious losses recently and that not all these compromises can be attributed to (Edward Lee) Howard. In fact I am not aware of any Soviet case we have left that is producing anything worthwhile." It is not clear whether and to what extent either of these memoranda was sent outside SE Division.

Even though the magnitude of the losses was clear, CIA's initial responses (as described earlier in the report) were limited to reviewing the compromised cases, examining the possibility of a technical penetration, and tightening the compart-

mentation of ongoing Soviet cases within the SE Division.

It was not until October 1986, that CIA management took its first significant step to resolve the 1985 compromises. The Chief of the Counterintelligence Staff named a four person analytical group known as the "Special Task Force" (STF) within the counterintelligence staff of the Directorate of Operations. Two of the team members were experienced Soviet operations officers who also had significant counterintelligence experience. The remaining two team members were annuitants, who were retired operations and counterintelligence specialists, one of which had significant Soviet operations experience. The senior CIA managers who ordered the creation of the Special Task Force did not require that the team include individuals trained in investigative techniques or financial reviews. Rather they were looking for seasoned officers who had operational or counterintelligence experience, and who understood the Directorate of Operations. According to the CIA IG report, there was a commonly held belief, apparently shared by successive Deputy Directors for Operations, that a small team was preferable because it reduced the chance that a potential "mole" would be alerted to the investigation.

The STF was tasked to look at all the cases known to be compromised and to identify any commonalities among them. Some of the questions the Task Force considered were:

- What CIA offices had been involved in the compromised cases, or had known about them?
- Within these offices, which CIA employees had access to the information?
- How many of the compromises could be accounted for by the Edward Lee Howard betrayal and, of those remaining, how many could be explained by other factors, such as poor operational procedures by CIA officers?

The Task Force analyzed all of the compromised cases, searching for patterns or other indicators which could shed light on the catastrophe. The CIA IG report indicates, however, that the STF did not create a formal list of suspects who had access to the compromised information and did not initiate investigations of specific individuals who were considered likely suspects. The IG report also notes that the team did not conduct a comprehensive analysis of cases that had not been compro-

mised, which might have shed light on the similarities among those cases that had been compromised. According to the then Chief of Counterintelligence in the SE Division, CIA management was supportive of the special task force review, but did not apply pressure on them or attach undue urgency to the investigation:)

People ask me whether (my supervisors) bugged me about it (the investigation). I said, no, they didn't bug me about it because they don't call up their doctor every five minutes and say, do I have cancer. But we kept them informed. I mean, they did not put a lot of pressure on us, but they encouraged us... The problem was that we didn't make progress in it and we didn't get any answers.

In October 1986, the same month the CIA established the Special Task Force, the CIA and FBI learned that two Soviet sources who had worked closely with the FBI had been arrested, and were about to be executed. The FBI responded by creating its own six person analytical team known as the "ANLACE Task Force" which worked full time to analyze the compromise of its two sources.

CIA and FBI Cooperation

The CIA and the FBI task forces shared some information informally, and in December 1986, held the first of eight "off-site" conferences (conducted between 1986-1988) to discuss the compromised intelligence sources. The CIA briefed the FBI regarding the compromises it was aware of, and the FBI in turn provided briefings on a series of investigative leads it had received in the mid-1970s, but could not resolve, which related to possible penetrations of the CIA. The FBI believed these old leads might hold the key to the 1985-86 compromises. The December 1986 "off-site" meeting with the FBI prompted at least one CIA participant to raise concerns to the Chief of the CIA's SE Division about the FBI's inquisitiveness regarding CIA organization and activities. Pointing out that the FBI had disclosed its own "dirty linen" at this meeting, the CIA participant wrote "a conscious decision has to be made here concerning the degree to which we are going to cooperate with, and open ourselves up to, the FBI..."

In general, throughout the 1986-1988 period when the joint agency meetings were held, the CIA gave the FBI information pertinent to its cases and gave detailed summaries of its own compromises as it learned of them. On the other hand, the CIA

did not give the FBI open access to its operational files. It was explained to the Committee that this had been standard operating procedure between the two agencies where there was no information indicating a specific human penetration of the CIA.

Indeed, in opening the second joint meeting between the CIA and the FBI in March 1987, the head of the CIA's counterintelligence staff praised the cooperation between FBI and CIA officials and noted that "the concept of SE Division, Office of Security, CI Staff, and the FBI working together is something previously unheard of." The IG report on Ames also concluded that, while the CIA and FBI had experienced problems in dealing together in the past, the Ames case was an exception. It stated, "All-in-all, coordination between CIA and the Bureau on the Ames case was exemplary."

The Lonetree Case

In late December 1986, several months after the CIA and FBI had created their respective task forces, a Marine security guard at the U.S. Embassy in Vienna, Austria, Clayton Lonetree, confessed to a CIA officer that while previously serving at the U.S. Embassy in Moscow, he had had a relationship with the KGB. In February 1987, in the course of the ensuing espionage investigation by the Naval Investigative Service, a Marine guard who had served with Lonetree, Corporal Arnold Bracey, told investigators that Lonetree had told him that he (Lonetree) had let the KGB into the U.S. Embassy in Moscow.

This information had an immediate and dramatic impact upon the Special Task Force at the CIA. Task Force members hypothesized that had KGB officials been able to enter the U.S. Embassy in Moscow, they may have been able to obtain access to CIA operational records maintained there. The Task Force (and many other U.S. Government elements) spent several months trying to determine whether such an entry had occurred, and whether the KGB had gained access to CIA records.

In the meantime, Bracey had recanted his earlier statement to investigators, and Lonetree, in debriefings following his criminal conviction, denied he had ever allowed the KGB into the Embassy — an assertion confirmed by polygraph examinations. By the end of August 1987, most of the Special Task Force was persuaded that the Lonetree case was a "dry hole" in terms of explaining the 1985-86 Soviet compromises. The CIA IG

Report on Ames indicates that while the STF was able to rule out Lonetree as the cause of the compromises, the possibility of a human penetration remained. According to the head of the team, the STF was forced to go "back to square one." The "mole hunt" was not renewed until 1991.

Ames, then serving in Rome, saw the Lonetree case as a fortuitous development. In September 1987, Ames wrote a message to the KGB on his personal home computer speculating that Clayton Lonetree would divert attention from his own case.

KGB Efforts to Divert Attention from Ames

Beginning in October 1985 and continuing sporadically over the next several years, the KGB undertook a concerted effort to make the CIA and the FBI believe that the sources compromised by Ames were either still alive and well or had been lost because of problems unrelated to a human penetration of the CIA.

According to testimony of CIA officials, over time these efforts took several forms:

- The KGB appears to have made a conscious effort to spread the word inside the KGB that Howard was principally to blame for the sudden compromises;
- The KGB deliberately gave misinformation to sources, whom they knew from Ames were working for the CIA, to explain why other sources had previously been arrested. Subsequently, the sources who passed this misinformation were themselves arrested;
- The KGB used those sources, already compromised by Ames and under arrest, in various operational schemes to make it look as if the individuals were alive and well. For instance, one compromised source under Soviet arrest contacted an individual in the United States, in an effort to lead the FBI to believe that he was having no security problems; and)
- The KGB had Soviet officials pass information in contacts with CIA officers which suggested that some of the previous compromises had resulted from poor tradecraft or from personal shortcomings on the part of CIA employees.

For the officers in the CIA and FBI task forces, each of these ploys had to be evaluated on its own merits. Some were viewed with skepticism by the

CIA at the outset; others appeared more plausible and required additional time to evaluate. Some proved unverifiable altogether, their significance becoming clear only with the hindsight provided by Ames's arrest. As these ploys were occurring, CIA counterintelligence staff realized that something unusual was taking place, but did not know precisely what these diversionary ploys meant. The recognition that these diversionary tactics could be part of a pattern of KGB behavior developed as early as late 1986.

Minutes of the off site meetings between the FBI ANLACE Task Force and the CIA Special Task Force document that the two agencies shared information about these ploys, and, indeed, that the two task forces expended considerable energy attempting to resolve the discrepancies during the 1986-1990 time period. Yet it does not appear from the record that even when investigators saw a ploy as a ploy — a phony effort to mislead the CIA did they move any closer to concluding that the KGB was trying to divert attention from a human penetration of the CIA.)

A Related Counterintelligence Investigation

At about the same time, the CIA and FBI task forces also concerned themselves with the progress being made in a separate but possibly related counterintelligence investigation. CIA had received vague information, believed to be reliable, which appeared to suggest that the KGB might have been able to penetrate a particular office of the CIA which did not have access to the Soviet operations known to have been compromised. The CIA hypothesized, however, that if a penetration had occurred, the person working there might later have moved into a position with such access. The ensuing investigation consumed considerable attention and resources within the CIA, and the minutes of the meetings of the CIA and FBI task forces reflect that the task forces regularly reviewed its progress.

The case remained unresolved, however, and in 1990, became a serious distraction at a crucial juncture in the inquiry involving Ames.

CIA and FBI Attempt to Identify New Sources

In September 1987, at about the time the CIA Special Task Force had begun to conclude that the Lonetree case could not explain the earlier compromises, the FBI ANLACE Task Force concluded that it could go no further with its own analysis.

While it believed that Edward Lee Howard could have been the source for one of its two compromised operations, it found no explanation for the compromise of the other source.

In May 1987, a joint meeting was held to discuss progress on solving the mystery of the compromises. In an effort to develop new leads, CIA and FBI officers agreed to launch a new initiative to recruit Soviet intelligence officers who could shed some light on the problem. The two agencies would attempt to identify Soviet intelligence officers worldwide who might currently be, or may formerly have been, in positions that gave them access to information regarding the 1985-86 compromises. It was recognized that such information might well come only at a high price.

This recruitment initiative, began in 1987, continued until the time of Ames's arrest in 1994. Despite repeated efforts to develop sources, the program succeeded in producing relatively marginal results over the period of its existence. Meanwhile, the news on the 1985-86 compromises worsened when, towards the end of 1987, the CIA learned that three additional Soviet sources, all recruited before 1985, had been arrested, and that one had been executed.

Investigative Developments in 1988 and 1989

In February 1988, yet another joint conference was held between the FBI and the CIA task forces. Minutes of the meeting indicate that while the task forces had concluded that Lonetree in all likelihood had not allowed the Soviets to enter the U.S. Embassy in Moscow, the conferees remained focused on the possibility that a technical penetration of the Embassy could explain the majority of the earlier compromises. It is also clear from the minutes that the joint meetings of the CIA and FBI task forces now covered a wide range of counterintelligence topics, not all of which related to the 1985-86 compromises. A representative of the CIA Special Task Force did note a continuing effort to analyze Soviet operations by computer to determine the reason for the 1985-86 compromises, but little tangible progress was cited.

In the spring of 1988, CIA opened an investigation of an SE Division employee who had access to some, though not all, of the compromised cases. The employee had made numerous damaging admissions during the course of previous polygraph examinations (none relating to security issues per se), and had difficulty generally getting through

routine polygraph examinations over the course of his CIA employment. Relying upon a 1988 tip from a CIA employee that this officer was spending large amounts of money at a level not explained by his salary, the CIA Office of Security (OS) opened a financial investigation of the individual. While the investigator determined that the employee had, indeed, spent far in excess of his salary, the employee was able to demonstrate that the money had come from a spouse's inheritance. The CIA decided to remove this individual from access to sensitive operations. This year-long investigation, which proved to be unrelated to the 1985-86 compromises, had significantly diverted the sole investigator assigned to the compromised cases.

The staff of the Special Task Force was also diverted during this period by the effort required to create a new coordinating office for counterintelligence. Announced on April 1, 1988 by DCI William Webster, a new DCI Counterintelligence Center (CIC) was established to improve the planning, coordination, management, and effectiveness of counterintelligence (CI) activities within the CIA and the Intelligence Community. Centralized management of CI issues was considered essential to provide clear focus and direction to fragmented internal CIA efforts and provide a CIA focal point for dealing with other U.S. departments, agencies, and foreign liaison services regarding CI matters.

As part of the reorganization of counterintelligence into the CIC, the CIA Special Task Force looking into the 1985-86 compromises, which had been part of the CI Staff of the Directorate of Operations, was subsumed within a new Investigations Branch of the Security Group within the Counterintelligence Center. This branch had responsibility for all cases involving possible human penetrations of the CIA. The Deputy Chief of the Security Group and, concurrently, head of the new Investigations Branch, was the same CIA officer who had previously been in charge of the Special Task Force.

In June 1988 — three years after Ames's most damaging disclosures to the KGB — the KGB instituted the most elaborate of its ploys to direct attention away from Ames. The KGB had one of its officers pass information to the CIA concerning five of the cases Ames had compromised. In essence, the information suggested that each of the cases had been compromised due to poor tradecraft on the part of either the sources itself or the CIA

officers involved. While the opinion of CIA officers varied as to whether the new information was genuine, it clearly created a stir and required time consuming analysis over the next two years. (For the denouement of this episode, see below.)

Recognition of this diversionary tactic also appears to have motivated a briefing of Deputy DCI Robert Gates on the compromises of 1985-86 by the head of the Investigations Branch on July 1, 1988.

When the CIA-FBI task forces met again on July 1988, the minutes reflected that "not much has transpired" due primarily to the efforts required in setting up the new Counterintelligence Center. But the minutes did include a more detailed status report on where the investigative effort stood than had previous records of such meetings. The minutes indicate the CIA had concluded (in mid-1988) that 16 recruited assets had been compromised in the 1985-1986 period. The memo noted that the CIA had concluded that Edward Lee Howard had certain knowledge of only three of the cases, and potentially might have known details about seven others. That left six cases that he could not have known anything about. The minutes reflected that the CIA had been interviewing all employees with access to the compromised cases, and "some...appear more or less likely to be possible suspects." In any event, the minutes reflected that "the conference was concluded with the note that something had happened, of either a human or technical nature, which caused the KGB to take action not only against newer sources but also against others who had been under investigation (by the KGB) for a long time."

On October 13, 1988, the CIA and FBI task forces held another meeting to discuss the compromises. The minutes of this meeting (which recite for the most part only the results of the meeting) reflected that the purpose of the meeting had been to review the results of the one or more investigations into leads that might explain the compromises.

At this meeting, officials discussed the progress of the related counterintelligence investigation, described above, which was attempting to ascertain whether the KGB had been able to penetrate a particular office of the CIA. The investigator assigned to the case reported that he had thus far reviewed the access of 90 employees assigned to the office in question. While reporting the investigation had produced 10 suspects, the investigator noted "there

are so many problem personalities...that no one stands out."

According to the minutes of the meeting, it was reported that none of the 10 suspects could be connected at that point to the 1985-86 compromises. It was clear, however, that this investigation was occupying a large proportion of the investigative effort allocated to the compromises at that time. The

lone investigator involved was at the same time the only investigator assigned to the investigations of the compromises.

The record reflects no significant developments from the standpoint of the investigation from December 1988, until the return of Ames from Rome in September 1989.

3. August 3, 1989 to February 1994

Ames Career Progression at the CIA

Despite his mediocre to poor performance in Rome, and the evidence of flagrant alcohol abuse, Ames returned to CIA headquarters in September 1989, to fill a position in the SE Division.

The IG report notes that according to one officer, the Chief of the SE Division had strong negative feelings about Ames's return. One individual recalls that when a personnel placement board met to discuss the assignments for numerous officers in the summer of 1989, including Ames's request to serve in the SE Division, the Chief of SE Division advised the senior personnel officer that he did not want Ames in his Division, he would not have him, and the personnel officer was to get rid of him. Despite the negative reaction by the SE Division Chief, however, Ames managed to be assigned as Chief of the Western Europe branch of the Division. According to the IG report, no one recalls how this occurred. Ames served in this position for three months. During this period he was exposed to virtually all SE Division operations in this region, and was in a position to compromise numerous operations involving Soviets or Eastern Europeans who traveled to, or lived in, Western Europe. Ames later remarked that this position should have been one of the last places he should have been assigned to if the CIA had suspicions about him.

Because the SE Division was reorganizing, Ames served only a short time as the Western European Branch Chief, and instead was made Chief, Czechoslovakia Operations Branch. Ames served in this position from December 1989 until August 1990.)

With the collapse of the Communist gov-

ernment in Czechoslovakia, however, Ames found his new assignment too mundane, and, sometime after December 1989, approached his supervisors saying he wanted to return to a position where he could handle sensitive Soviet cases again. His supervisor subsequently stated that he thought Ames approach was "brazen," and advised Ames he would get back to him. The supervisor never did. In fact, the post arrest investigation found that Ames tried several times to improve his access to CIA's most sensitive Soviet cases. For example, soon after his return from Rome he advised his management that he would be willing to create a special analysis group which would look at all CIA Soviet cases from a counterintelligence perspective. Ames also approached another supervisor and stated his desire to become the Deputy Chief of Station in Moscow, a position Ames characterized as a "fitting finale" to his career.

In October 1990, Ames was reassigned to the Counterintelligence Center Analysis Group. According to the IG report, the Chief of the SE Division wanted Ames out of the division, both because of the security concerns that had been raised about him and because of his poor performance. He thus selected another officer to fill Ames's position as Chief of the Czechoslovakia Branch, forcing Ames to find a position elsewhere.

Before Ames left the Czechoslovakia Branch, however, he was appointed to a promotion panel for all GS-12 operations officers of the Directorate of Operations, thus giving him access to the identities and personnel records of all GS-12 operations officers of the Directorate of Operations.

Following service on the promotion panel, Ames located a position in the Counterintelli-

gence Center (CIC). Although the Chief of the CIC and the Chief of the Analysis Group were aware of the security concerns related to Ames as well as his poor performance record, the Analysis Group was in need of a case officer from the Directorate of Operations. The head of the Analysis Group was told in vague terms by the Deputy Chief of CIC of the general suspicions regarding Ames's trustworthiness but believed Ames's assignment was "manageable."

Ames remained in this position for almost a year, until August 1991. As part of this assignment Ames had access to extremely sensitive data, including data on U.S. double agent operations, i.e. cases involving controlled U.S. agents who had ostensibly been recruited by foreign intelligence services.

In September 1991, despite having been effectively forced out of the SE Division a year earlier, Ames managed to obtain the approval of the same Division Chief to be Chief of a KGB Working Group in the SE Division. While this position did not entail access to ongoing operations, it did give Ames access once again to SE Division personnel and records.

Ames's return to the SE Division lasted for only three months. He was reassigned in December 1991 to the CIA's Counternarcotics Center (CNC) where he remained until his arrest February 1994. This appears to have been the first assignment Ames was given that took into account the security concerns that had been raised about him. However, Ames's supervisors in the CNC were not made aware that he was the subject of a counterintelligence investigation until shortly before the FBI opened an intensive investigation on him.

According to the CIA IG report, even after the special task force involved in the "mole hunt" had firm information implicating Ames, no conscious effort was made to limit his access to classified information while he was in CNC. Further, no direction was provided to CNC management in this regard by anyone and none was sought. For example, CIA officials did not take any specific precautions to minimize Ames's computer access to information within the scope of his official duties. In fact, in the fall of 1993, as a result of changes in the CIA computer system, Ames obtained additional classified CIA information. He used his work computer to electronically download onto floppy

disks CIA operational cables and finished intelligence only marginally related to his office responsibilities. Ames was able, through his computer, to access cables dealing with world events, and electronically selected cables dealing with Russian and European political and economic events. Fortunately FBI and CIA records show Ames did not have a personal meeting with any KGB contacts between November 1993 and when he was arrested, and he was unable to pass this windfall of information to his Soviet contacts.

Ames's Personnel Evaluations by the CNC

While Ames displayed serious personal flaws and poor work habits, the performance evaluations by his CNC supervisors continued to portray an employee who was more than adequate. According to the CIA IG report, while Ames's immediate supervisors in CNC were aware of his occasional problems with alcohol abuse, his proclivity to sleep at his desk, and his unwillingness to handle issues and projects that did not interest him, his annual performance appraisals consistently rated him a strong performer.

According to the recollections of Ames's colleagues, Ames became so intoxicated during a liaison meeting with foreign officials in September 1992 that he made inappropriate remarks about CIA operations and personnel, and passed out at the table.

Nonetheless, his immediate supervisors failed to make this and similar actions a part of any official record, or to recommend counseling for him. He continued to be judged as meeting the norms for an operations officer of his grade, and, in fact, received strong narratives and overall grades that indicated he exceeded the work standard. On the other hand, at annual reviews of all GS-14 operations officers, which determined promotions, Ames continued to be ranked in the bottom sixth.

Rosario's Knowledge of Ames's Relationship with the Russians

In interviews with CIA officers, both Aldrich and Rosario Ames claim that she did not learn of Ames's relationship with the KGB until the summer of 1992. At that time, she found a vague note in her husband's wallet. From that, she concluded that Rick had involved her or her

family in an intelligence operation. Rosario admitted to FBI officials that Rick told her he had received cash from the Russians for providing CIA information to the Russians.

Ames has said that eventually Rosario understood the true nature of this relationship with the KGB. He claims she begged him to sever the tie, but he convinced her that they would be endangered by doing so, and that her mother in Colombia would be financially disadvantaged.

In 1993, the FBI monitored telephone conversations between Ames and Rosario which indicated that she knew about two prior face-to-face meetings with the KGB and confirmed her knowledge of Rick's unsanctioned espionage links to the Soviets. These conversations also showed she was aware Ames was employing impersonal means of communicating with the Soviets, using dead drop sites and leaving chalk signals for the Soviets to read. According to FBI officials, the telephone intercepts of conversations between Rosario and Rick Ames indicate that Rosario was a supportive conspirator encouraging the crimes of her husband in order to allow her to continue to enjoy the financial benefits.

Ames's Contacts with the KGB

Once he returned from Rome, after years of regularly passing classified information via face-to-face meetings with his Soviet intermediaries, Ames no longer had such meetings in the United States. Instead he began relying on "dead drops" and signal sites, and personal contacts abroad. Ames would leave a signal — such as a chalk mark on a mailbox to indicate to the Soviets that he would "load" a dead drop site. Then he would provide classified information and messages to the KGB by placing a package somewhere in a hidden, secure area in the Washington, D.C. area. Similarly, the KGB used signals and dead drop sites to pass money and instructions to Ames. Ames and the KGB identified the sites in messages back and forth by using cover names to protect their locations in case a dead drop site was ever compromised.

From 1990 until 1993, face-to-face meetings with his KGB handlers took place only outside the United States. Ames met "Vlad" in Vienna in June 1990, but missed an October 1990 meeting because Ames mistakenly went to Zurich rather than Vienna. In December 1990,

Ames made his next contact in Bogota, where he was introduced to his second KGB case officer, called "Andre." A few months later, Ames was scheduled to meet Andre again in Vienna but the meeting never occurred again, because Ames confused the meeting place. Ames did see Andre again in Bogota in December 1991 and in Caracas in October 1992, and had his last operational meeting with the KGB in Bogota in November 1993.

The material collected by the FBI during the investigation and after Ames's arrest, much of it from Ames's personal computer, provided a wealth of detail and illustrated the nature of Ames's relationship with the KGB in these later years. In June 1992, according to documents recovered by the FBI from Ames's home computer, he wrote a note to his Soviet contacts which stated, in part:

My most immediate need, as I pointed out in March, is money. As I have mentioned several times, I do my best to invest a good part of the cash I received, but keep part of it out for ordinary expenses. Now I am faced with the need to cash in investments to meet current needs a very tight and unpleasant situation! I have had to sell a certificate of deposit in Zurich and some stock here to help make up the gap. Therefore, I will need as much cash delivered in Pipe [document drop site] as you think can be accommodated [sic] — it seems to me that it could accommodate [sic] up to \$100,000.

FBI records indicate Ames left his message at dead drop site "BRIDGE" and he left a signal at site "SMILE."

Ames wrote another letter to his contacts on August 18, 1992. He agreed to a personal meeting with the KGB in Caracas, Venezuela, and provided information on the level of CIA operations in Moscow, U.S. conclusions about Russian technical penetrations of the U.S. Embassy in Moscow, and CIA recruitment plans for Russian officials.

Ames placed this material at the drop site and signaled the Soviets that it was ready for retrieval on August 19, 1992. He placed a pencil mark at signal site HILL in the morning and left the documents and letter at dead drop GROUND at 4:00 p.m. When he returned to the signal site the next day, he saw the KGB had not erased the signal as arranged for if the collection had oc-

curred. Accordingly, Ames retrieved his package. On September 1, 1992 Ames typed another letter to the KGB telling them he had retrieved his earlier package, and would place the material at dead drop GROUND on a specified date in September.

Apparently Ames had some problems with this form of impersonal communication. Among other things, the size of the dead drop site limited the amount of information he could pass. In Rome, he routinely delivered inches of data at each meeting. These procedures also limited the amount of cash he could receive in each transfer. Ames complained in a letter to the KGB dated in August or September 1992:

Besides getting cash in Carascus [sic] (I have mentuoned [sic] how little I like this method, though it is acceptable), I still hope that you will have decided on some safer, paper transfer of some sort of a large amount.

He also advised the KGB, "My lack of access frustrates me, since I would need to work harder to get what I can to you. It was easier to simply hand over cables!"

On March 9, 1993 Ames typed a letter on his computer which began by saying, "All is well with me — I have no indications that anything is wrong or suspected." In the letter he also discussed the morale of the CIA SE Division, personnel changes, and information about the CIA budget. He included a variety of classified documents.

On May 26, 1993 Ames sent an "urgent" message, which he passed through a dead drop in the Washington, D.C. area, to the KGB asking for money immediately. Employing dead drop site BRIDGE, the KGB forwarded a package of cash to Ames four days later. The FBI obtained records later which show Ames deposited approximately \$22,800 into various accounts between June 1-7, 1993.

In July 1993, the KGB provided more money through a dead drop. An accompanying KGB message discussed an upcoming personal meeting and informed Ames that they planned to test the security of a selected dead drop to ensure the site remained viable. The KGB also told Ames more money would soon be provided, unless the money was postponed due to the "diplomatic pouch schedule." Ames deposited approximately \$16,500 into local back ac-

counts between July 20 and August 4, 1993.

By September 1993, Ames and his wife's movements and conversations were being closely monitored by the FBI. On September 9, 1993, Ames and his wife attended a meeting at their son's school in Alexandria, Virginia, and then drove to the intersection of Garfield Street and Garfield Terrace in Northwest Washington to see if the KGB had placed a signal. At other times in September, Ames passed and received messages, in preparation for a personal meeting with the KGB in November in Bogota.

In October 1993, FBI agents observed that Ames left his residence around 6:22 a.m. and returned around 6:44 a.m. giving him time to place a mark on a signal site. Around 7:00 a.m., FBI agents observed that a horizontal chalk mark had appeared on a mailbox at the corner of 37th and R Street, N.W., Washington, D.C. They knew from other recovered documents that this mailbox served as signal site SMILE.

On November 1, 1993, Ames traveled to Bogota for another personal meeting with a KGB official. The official gave him a large amount of cash, and an updated impersonal communications plan for 1994. It included new signal and dead drop sites in the Washington, D.C. area and times for exchanges in February, March, May, August, and September. Personal meetings were scheduled for Caracas, Venezuela or Quito, Ecuador for November 1994. For 1995, they planned for meetings in Vienna or Paris. At the Bogota meeting the Soviets also told Ames they were holding \$1.9 million for him. After Ames returned to the U.S., the FBI detected large financial deposits totaling approximately \$43,200 between November 3-10, 1993.

While Ames was in Bogota, the FBI monitored several telephone calls between Ames and Rosario, who remained in Arlington, Virginia. On November 1, 1993, Ames told his wife that he had a "short meeting" that day and would have "more meetings" the following day.

Ames's Official Travel

During 1992 and 1993, while working for the CNC, Ames made several official trips overseas, including visits to Moscow and Turkey. In a message delivered to the KGB through a dead drop around September 3, 1993, Ames referred to the Moscow trip and wrote, "You have

probably heard a bit about me by this time from your (and now my) colleagues..."

On the trip to Turkey in September 1993, where he attended a conference on regional narcotics matters, Ames took an extraordinary risk which could have fully exposed his spying activities. Ames took with him a personal laptop computer which contained unauthorized classified information, personal files and several game programs. His superior, who had accompanied him to the conference, asked Ames's permission to use the computer to access the games, and Ames agreed. The FBI interviewed this officer in November 1993, several months before Ames's arrest, and he reported being "overwhelmed at the incredible amount of classified info that Ames brought to the conference.....large sub files containing classified cables and memos..." This officer also saw a file titled "VLAD" which he did not try to access. CIA regulations prohibit CIA officers from using personal computers for the storage of classified material, but Ames apparently was oblivious to the risk he was running by letting his boss use his laptop. The CIA officer who saw the classified information reported it to the CIA and FBI upon his return. Ames continued to be sloppy about security even when it risked exposing his own espionage activities.

Ames's Personal Wealth

Evidence developed by the FBI indicated that between April 1985 and November 1993 Ames spent at least \$1,397,300. On August 1, 1989 Ames paid \$540,000 in cash for a house in northern Virginia. The Ames's advised their title insurance agent that they bought the house with funds obtained from an inheritance from Rosario Ames's family. Ames also apparently told close friends that Rosario's uncle in Colombia was so pleased at the birth of the Ames's son that he decided to buy the house for them as a gift. Ames embellished this story by telling this friend that the cash purchase of the house allowed Ames to spend an extra \$1,000 to \$1,500 per month on personal expenses, because he was saving on regular mortgage payments. Ames obfuscated the electronic money trail of these funds by moving funds from Credit Suisse, through Citibank and an account with Pierpont Funds, and eventually into his account at the Dominion Bank of Virginia.

Ames spent large sums of money on home

improvements, furniture, Jaguar and Honda automobiles, telephone bills, credit card payments totaling \$455,000, tuition for his wife's schooling at Georgetown University, and stock and securities purchases. Ames also used his Soviet payments to purchase property in Colombia, and to support Rosario's family in South America. Ames bought condominiums in Bogotá and Cartagena, and a farm in Colombia referred to as the "Guajira." Between April 1985 and November 1993, Ames's total CIA "take home" salary totaled \$336,164.

In January 1992, Ames traded his three-year old Jaguar for a new model. The fact that Ames purchased not one, but two Jaguars within a three-year period went unnoticed by investigators until they were well into completing their financial analysis. Ames stated that he "considered the purchase of a second Jaguar within three years to be the only time he flaunted his money and considered this his greatest financial indiscretion."

From 1990 until the time of his arrest, Ames routinely made large cash deposits into various bank accounts. On June 22, 1990, Ames deposited \$34,825 into one Swiss account, and \$29,850 into another. On January 24, 1991, he deposited \$10,000 into his wife's Dominion Bank Account and in March, May, and June he deposited large sums into his own Dominion account after meeting his KGB handler in Caracas in October 1992, Ames made eight cash deposits into two Dominion Bank of Virginia checking accounts and four deposits into his Riggs National Bank of Virginia account, totaling \$86,700. Each deposit was under \$10,000, reflecting Ames's attempt to avoid the deposits being reported to the Treasury Department. Ultimately, however, it was Ames's sudden affluence that made him the focus of investigators.

The Initial Tip on Ames

In November 1989, shortly after he returned from Rome, CIA received the first information which pointed directly to Ames. A CIA employee, who knew Ames well, reported to the Counterintelligence Center (CIC) that Ames seemed to be living beyond his means. The employee reported Ames appeared to have little money when he left for Rome, but now seemed unusually well off financially. The employee explained Ames and his wife had purchased an

expensive home in Arlington, Virginia.

According to the CIA IG report, the employee who reported this information was aware of the 1985-1986 compromises, and knew that Ames would have known about them. Moreover, the employee knew the Ames family sufficiently well to know that Rosario's family was not wealthy. Afterwards, the employee periodically advised the CIC investigators of additional details relating to the Ames's wealth, such as their personal travel, extensive landscaping expenditures, and extensive kitchen renovations.

Based upon this report, an Office of Security investigator assigned to CIC, who usually handled investigations of CIA employees in connection with suspected penetrations, opened a routine financial inquiry on Ames. (This investigator had done the investigation of an SE Division employee who, in the 1988-89 time period, was suspected of compromising some of the Soviet sources. This was also the same investigator who looked into the related investigation involving a possible penetration of a particular office at the CIA described previously in this report.) He queried the U.S. Customs Service for any information on currency transactions involving Ames. The CIA IG report indicates that the investigator also examined public records and discovered that Ames had purchased his Arlington home for \$540,000, but the investigator could find no record of a mortgage.

In January 1990, the Treasury Department responded to the currency transaction request and identified three "hits" involving Ames: a \$13,000 cash deposit into a local bank account in 1985; a \$15,000 cash deposit into the account in 1986; and, upon his return from Rome, a conversion of Italian lira into \$22,107.

Despite the significance of this new information, the investigation into Ames's finances stalled. In January 1990, the investigator assigned to the case began a two-month training course, and no one was assigned to perform his duties during his absence. When he returned, he was given other leads to follow, as explained below.

CIA Counterintelligence Review

In the meantime, the CIA investigation group which had been looking into the 1985-86 compromises since 1986 was making little progress. According to those involved, there was still no consensus,

even in the fall of 1989, as to whether the earlier compromises resulted from a technical or human penetration. While certain avenues of the investigation appeared to be coming to a close, there was, as yet, no explanation for the losses.

As described earlier in this report, the investigation group had initiated an investigation into another SE Division employee in 1988, but by the fall of 1989 had failed to connect this employee directly to the compromises. The possible involvement of the employee could not be entirely dismissed, but there appeared to be no further leads to follow. Investigators were also continuing to analyze the information provided a year earlier by a KGB officer, who had provided information indicating that the 1985-86 losses were a result of poor CIA tradecraft.

CIA followed several leads since 1986, but had reached no conclusions. The investigation group appeared no closer to identifying the source of the 1985-86 compromises.

The Ames Inquiry Falters

The CIA investigator responsible for examining Ames's unexplained wealth returned from his two month training course in March 1990, but was immediately diverted to pursue other leads which the investigation group considered more pressing. The CIA had learned that a key source who would likely have information concerning the possible penetration of a particular CIA office, under investigation since the mid-1980's, was willing to talk to the CIA. Since the investigator had investigated this case since its inception, he was sent overseas to interview the source. More debriefings of the source occurred in April and May 1990.

In June, the investigator was sent on a European assignment to assess the information emerging in Berlin from newly-opened East German intelligence files. The CIA wanted to learn what the East German service knew about CIA operations, and in particular, whether the East Germans had recruited a CIA officer who had access, or could have developed access directly or indirectly, to the 1985 Soviet cases that were compromised.

The CIA IG report indicates that the investigation group was hesitant to solicit financial expertise from other components within CIA, such as the Office of Financial Management or

the IG Audit Staff, and that they were even more wary of seeking help from any outside sources such as the FBI. They felt that people outside of the Directorate of Operations would not have the proper sensitivities to the DO culture or to the fact that CIA employees were under scrutiny. CIA officials believed that there was not a sufficient basis at the time for the FBI to open an investigation of Ames.

In August 1990, the investigation group inquiry was again diverted when CIA received detailed information from a defector that the KGB had recruited an unidentified CIA officer in the SE Division during the mid-1970s. The defector explained that this unidentified officer had served in Moscow and was known for his carousing and expensive tastes. This information seemed to match up with the specific investigative leads pursued by the FBI and the CIA both in the 1970s and again in the mid 1980s, after the 1985-86 compromises came to light. The defector information prompted CIA investigators to reinvigorate their review, and to match the defector information to a current or former employee. This effort lasted for more than a year. While counterintelligence officials eventually assessed the lead to be unreliable, it consumed considerable effort on the part of the FBI and the CIA.

In any event, the investigator working with the investigation group, who had begun to look into Ames's finances in late 1989, temporarily returned to it in September 1990 when he requested a routine credit check of Ames and his wife. Nothing surfaced which appeared out of the ordinary, but the inquiry did provide a listing of local banks where Ames had accounts.

According to the CIA IG report, in the fall of 1990, the investigators concluded that because of his yet unexplained wealth, a background reinvestigation and a polygraph should be done on Ames, but they were concerned that he might be alerted to their suspicions. Ames had last been polygraphed in 1986, and according to CIA's routine five year cycle of polygraphs, his next one would be scheduled in 1991. Therefore, they elected to wait until then, so that the polygraph would appear to be routine.

Reinvestigation of Ames

The investigator working on Ames finances outlined his concerns in a December 5, 1990,

memorandum to the Office of Security, and requested background investigation and polygraph. The memorandum described the three large financial transactions identified almost a year earlier on the Treasury data base, and provided the Office of Security with the details reported by Ames's colleague in the November 1989 "tip." The memo also mentioned that Ames had purchased a \$540,000 home with no record of a mortgage or lien filed with Arlington County, and had purchased a white Jaguar valued at approximately \$49,000. (A copy of the memo, redacted for security reasons, is printed in the appendix to this report.) The memo expressed urgency in expediting the background investigation and polygraph out of concern that Ames's superiors could not continue to limit Ames's access to sensitive information without raising his suspicions that he was under investigation.

The memorandum noted that there could be logical explanations for the large dollar transactions, raising the possibility that the money represented the proceeds of his mother's insurance policy, or could have come from his wife's family who was thought to be well connected in Colombia. The memo also suggested that the large cash deposits could be explained by loans from the credit union.

The Office of Security opened a reinvestigation of Ames in December 1990. Investigators checked Ames's account at the Northwest Federal Credit Union and found nothing unusual. Indeed, it showed that Ames had borrowed \$25,000 of the purchase price for the Jaguar, making this circumstance appear less suspicious. The Office of Security did not make additional requests in December 1990 to obtain information from financial institutions other than the Northwest Federal Credit Union for the purpose of pursuing Ames's finances. CIA Office of Security officials later stated that they did not know that the legal authority existed to seek information from other institutions.

In January 1991, the Office of Security sent Ames various forms to complete for the purpose of updating his background investigation. Ames did not return the forms until March 4, at which time the Office of Security initiated a background investigation.

The Office of Security completed this investigation by April 12, 1991. The investigation

was particularly comprehensive and included interviews with many of Ames's past and present co workers, whose comments included the following:

- Ames was assigned to CIC "under a cloud"...One individual recalled that SE Division did not trust Ames or his Soviet agents. There were questions about Ames's handling of a particular agent and also concerns about his judgment.
- In Rome, Ames seemed to have considerable contact with his Soviet and Eastern Bloc assets. A colleague noted Ames received many calls from assets at work. This person also noted that Ames routinely left his safe open when he was leaving for the day, and had admitted he wrote an agent contact report at home on his personal computer.
- In Rome, Ames could not be expected into the office before 9 or 10 am. At least once per week there was evidence that Ames had been drinking during his lunch hour.
- Another of Ames's co-workers said he didn't think Ames was a spy, but wouldn't be surprised if that someday came to light. When asked to explain his remark, the person retracted it stating that the profile of Ames was wrong for him to be a spy, but he didn't trust Ames as a colleague. He reportedly had seen Ames take some actions that he was specifically instructed against, such as giving his agent a laptop computer after his superiors told him not to.
- Another person interviewed commented that Ames lived at a higher standard of living than most other government employees and this person believed that there was money on the spouse's side of the family. The person stressed that Ames's government salary did not explain his level of spending.
- Another co-worker reported that he understood Ames paid cash for his house, a purchase well into the \$500,000 range.
- Another colleague stressed that Ames made no attempt to conceal his wealth and observed that Ames had new cars and relied on household help.

According to the CIA IG interview of the investigator who reviewed the Ames background investigation report, "[The investigator) did not consider that the background investigation revealed anything he did not already know. Thus, he did not believe it would be necessary to conduct follow-up interviews with any of the sources, nor did he discuss that possibility with (his supervisors)." According to the investigator, follow-up interviews were unusual and could have been alerting to Ames.

Moreover, the CIA security officer who assessed the results of the reinvestigation determined that it "had no CI (counterintelligence) implications." No action was taken with respect to Ames's security clearance on the basis of the investigation.

1991 Polygraph

The derogatory information developed during Ames's background investigation also was not provided to the polygraph examiner before Ames's polygraph. The background investigation results were forwarded to the Office of Security on April 12, 1991, the same day that Ames was given his polygraph examination. According to polygraph officials, there was no requirement that background investigation information be made available to polygraphers prior to an examination.

The polygraph supervisor and the examiner were aware that there was some question about Ames's unexplained wealth, but neither recalls actually seeing the December 5, 1990 memorandum from the CIC or having the information in the memo specifically discussed with them. The polygraphers stated that they conducted a routine polygraph examination of Ames, and did not focus on financial questions other than those routinely asked of all employees during an update polygraph.

As is normal procedure, the polygrapher interviewed Ames prior to beginning the polygraph, and at that time Ames volunteered some information on his finances. He said he had money that came principally from his mother-in-law, that he owned property in Colombia, and that he had made several small, but lucrative, investments. Once the polygraph test began he was asked whether he was concealing any financial difficulties from the Agency. To this

question Ames answered no, showing no signs of deception. According to CIA officials, the examiner did not ask questions during the polygraph test about the specific examples of Ames's unexplained affluence because they considered this a routine polygraph and were not advised to do any specialized questioning. CIC officials stated that they wanted Ames's polygraph to appear in every way to be routine so as not to tip Ames off to any specific concern in this area.

According to the CIA IG interviews of Ames, "Ames states that if the Agency had interviewed him about his spending in the context of a reinvestigation, he would not have been terribly alarmed. In fact, he prepared himself for the possibility that he would be asked about his finances. Ames attempted to account for the cash purchase of his Arlington home by having a gift letter prepared and notarized making it appear to have been a gift from his mother in law. He states that at some point someone would learn that he had purchased the house for cash and it was reasonable to expect that someone would ask him about the source of his wealth. But no one ever did."

Ames also showed no reaction when he was asked whether he was working for a foreign intelligence service. Deception was indicated, however, when he was asked whether he was concealing contacts with foreign nationals. After several hours of testing, Ames continued to show deception in response to the question. The examiner, as was standard CIA practice, ended the test, called it incomplete, and asked Ames to return again in a few days to try to successfully complete the test.

Four days later Ames returned to finish the polygraph examination. On that day, with a different polygrapher, Ames answered all questions without any deceptive response, including the question regarding unreported contacts with a foreign national. The reaction that had occurred on the previous test was not present, according to the examiner. In fact, the examiner noted that Ames's overall level of responsiveness was down considerably from the prior test. No additional polygraph questions were asked about Ames's finances. The polygrapher concluded the test, dismissed Ames and wrote the polygraph report indicating Ames had passed the test. However, in file notes, the first examiner commented, "I don't think he is a spy, but I

am not 100% convinced because of the money situation." CIA officials have recently stated that, in retrospect, the security background check on Ames should have preceded the polygraph and the polygraph examination should have been conducted after taking the results of the investigation into account.

Ames told the CIA IG investigators that he accepted his reinvestigation in 1991 as routine since he was aware that the five-year reinvestigation program "had taken hold." However, he had expected that the 1991 reinvestigation would be more direct and pointed than his 1986 test. Ames maintained that his passing the 1986 polygraph was very important to him because it gave him confidence and reduced his anxiety. Ames was still apprehensive, however, because he viewed the polygraph as "rolling the dice and so I felt that it was perfectly possible that even if I were telling the truth instead of lying I might have problems." Ames said he never received training from the KGB on how to beat the polygraph. He acknowledges, however, that the KGB advised him to "just relax, don't worry, you have nothing to fear."

In its review of the Ames polygraphs, the CIA IG report quotes several current and former polygraph examiners who stated that the Ames case should not be considered to be a polygraph "chart interpretation" problem. Rather, they say, the fundamental problem is that the 1986 and 1991 polygraph charts were invalid because the examiner in each case failed to establish a proper psychological atmosphere in the examination sessions. A former polygrapher noted that without proper preparation, a subject has no fear of detection and, without fear of detection, the subject will not necessarily demonstrate the proper physiological response. Consequently, they surmise, the Ames polygraph tests were invalid because the process was flawed by examiners who had not establish the proper psychological mind set in Ames because they were overly friendly. As a result, Ames's physiological reactions were unreliable.

The fact that Ames passed his 1991 polygraph caused the CIC investigative team to be less suspicious of him. Nevertheless, a question remained in their minds about the source of his money. As of April 1991, CIA had still not checked whether Rosario's family was, in fact, wealthy. In July 1991, a CIA officer was sent to

Bogota to develop additional information on Ames's in-laws. Relying on very limited information, the officer reported on July 31 that the family was well-known, politically connected and financially stable. The report noted that a company owned by the family dealt in real estate, import-export, and other business ventures. The report further stated that several years earlier, Rosario's family had donated land worth several million dollars for a soccer field and sports arena. Overall, the report seemed to corroborate Ames's claims that his wealth came from Rosario's family. The next request from CIA headquarters to Bogota for information regarding Ames was not made until over a year later, in August 1992.

On the basis of the July 31 report on Ames's in laws, the results of the earlier background investigation (which also tended to corroborate Ames's story), and his successful polygraph examination, CIA investigators put the Ames inquiry on hold in the fall of 1991.

In fact, investigators do not appear to have followed up other possible Ames leads. For example, no effort was made to determine whether Ames's money came from the proceeds of an insurance policy on his mother, a possibility raised in the December 5, 1990 memo. A high school teacher, Ames's mother had died in 1986, and investigators did not view this as a plausible explanation for the affluence that appeared three years later. In addition, investigators did not delve into Ames's financial situation in Rome or attempt to identify when Ames's financial situation actually changed so that they could correlate this change with other events.

The team also did not take another possible step, and formally inform the FBI about the information it had developed on Ames. According to the CIA IG report, the CIC did not formally advise FBI headquarters about the case details until the FBI took over the case in 1993. Nor did the two FBI officers, who had been detailed to the CIC investigation since 1991, formally advise FBI headquarters of the suspicions regarding Ames.

The CIA and the FBI Take a New Tack

In April 1991, two CIA representatives, who had been involved in the investigation of the 1985-1986 compromises from the beginning, went to the FBI and told them they were going

to revitalize their investigation. The FBI suggested that the two agencies join forces to solve the mystery of the compromises, a proposal that their CIA counterparts accepted immediately. None of the participants in this meeting recalled a specific motivating factor for this decision. One CIA official advised the Committee that the breakup of the Soviet Union provided more opportunities to solve the case, and both agencies realized this had to be done in an organized way. Another said it was simply a "natural evolution...it (the 1985 compromises) was always there and it was always an open wound that we wanted to solve." (The reader should note that in 1991, the KGB was reorganized and officially redesignated as the "SVR." For ease of understanding, however, the term "KGB" continues to be used in the remainder of the report.)

As a result of the meeting, the FBI sent two agents to the Counterintelligence Center at the CIA to begin working full-time with two CIA representatives to address the problem in a systematic way. In the summer of 1991, the joint CIA/FBI unit began to review the failed cases, look for commonalities, determine who had access, and identify suspects for subsequent investigation. This analytical effort differed from previous "mole hunt" efforts because, for the first time, the CIA and the FBI had joined forces, and the investigation focused on identifying individual suspects.

By August 1991, the joint unit had identified 198 CIA employees who had access to the 1985-86 compromised cases. Of these, the joint unit identified 29 employees, including Ames, for priority attention. All members of the joint unit conceded this winnowing process involved more art than science. For the CIA representatives, who often personally knew many officers on the list, the winnowing focused on problem officers, or cases where there were "just some kind of vibes about them." For the FBI representatives, who for the most part were not acquainted with the CIA employees involved, it was largely a matter of determining which employees had access to the compromised cases. Ames made everyone's list; indeed, he was high on several lists because he had access to the information, and there were unresolved questions about his sudden affluence. But other members of the joint unit (and other CIA and FBI officials) regarded other CIA employees with more

suspicion.

The joint unit members decided to interview individuals on the list of 198 in an effort to further narrow the list, and to determine who did and did not have access to the compromised cases. Further, the joint unit members agreed to have the Office of Security polygraph everyone on the list of 198 if the individuals were still employees and had not been polygraphed since 1985. The joint unit planned to review the personnel and security files of each of the 29 employees identified for priority attention. It tasked the CIA Office of Security to review the files of the remaining employees and asked a CIA psychologist to review medical files for some of the employees.

According to the IG report, a CIA member of the joint unit concentrated on Ames and began to compile an extensive chronology of his activities. The investigator built up this chronology as the team developed new information on Ames from the review. The joint unit did not develop a similar chronology on any other suspects.

A Temporary Diversion

In October 1991, soon after the joint unit began its Work, it received a report that a CIA officer abroad had information alleged to have come from a KGB officer. According to the report, the KGB had long ago succeeded in penetrating the CIA with an unidentified USSR born employee who had provided detailed information on CIA operations in Moscow and who was, in fact, still active.

The information had some similarities to the investigation which CIA had been pursuing without resolution since the mid 1980's involving the suspected KGB penetration of a particular CIA office. This new lead prompted the joint unit to reprioritize its investigation temporarily.

But soon thereafter, officers at CIA headquarters questioned the veracity of the reported information. They recalled the CIA officer who had reported the information for questioning. The ensuing investigation indicated it was likely the CIA officer had fabricated the entire story for career enhancing or financial reasons. Confronted with this information, the CIA officer resigned and CIA referred his case to the Justice Department for possible criminal action.

The Joint Investigation Resumes Course

Temporarily diverted by the fabricated story in October, the joint unit resumed the game plan it had earlier conceived. The joint unit continued its interviews with CIA employees on the list of 198 and its evaluation of the shorter list of 29 employees.

On November 12, 1991, the joint CIA/FBI investigative unit interviewed Ames. According to one of the participants, the interview of Ames, like all of the interviews, essentially concerned "housekeeping" details: how paper flowed, who did what, who went to which meetings, etc. It was obvious to each person interviewed that there was an effort underway to go back and find out what went wrong in 1985-1986, but the interviewers did not suggest to those people interviewed that they were under suspicion. Nor did the interviewers discuss their methodology or progress.

Records from the Ames interview indicate that he twice volunteered that he had received a security violation while in SE Division for not closing and locking his safe. He stated the safe contained case chronologies and combinations to other safes. In retrospect, it appears that Ames offered this information as an explanation for the 1985-86 compromises and to detract from any suspicions that he was the mole. It appears to have had the opposite effect.

In late 1991, the joint unit conducted a comprehensive computer search of DO records regarding Ames. No similar searches were conducted for any of the other "mole" suspects. The search produced the reports Ames had written about his contacts in the 1985-86 timeframe with the Soviet official Chuvakhin. CIA records also contain a July 1986 cable which relayed an FBI query about contacts with Chuvakhin that Ames had not reported. CIA headquarters responded to this query by stating that Ames had had three brief contacts during which no operational progress was made. CIA headquarters further promised that Ames would send additional details from Rome, however, he never did and the matter was not pursued by CIA officials.

One of the FBI members of the joint unit reviewed FBI headquarters records on these meetings soon after, but found nothing. It was not until well into 1992 that FBI officials reviewed FBI Washington Field Office records, as

opposed to Washington headquarters records, on Chuvakhin. The field office records revealed that Chuvakhin and Ames had numerous contacts during 1985-86 that Ames had never officially reported.

In December 1991, the joint unit held an off site conference attended by senior FBI and CIA supervisors to discuss progress and future plans. In January 1992, following this meeting, the FBI Washington Field Office established its own task force to investigate Soviet penetrations of the CIA and FBI. Its focused on resolving old leads, rather than duplicating the approach of the joint unit. Each joint unit was aware of the activities of the other.

By the Spring of 1992, approximately six months after its creation, the joint unit decided to focus more precisely on Ames's finances because of the still unresolved issues about his wealth. The Deputy Chief of CIC instructed the investigator to complete the financial inquiry of Ames that had been initiated in 1989. (Interestingly, Ames was the only employee on the list of 29 singled out by the joint unit for a financial inquiry, apparently because he was the only person on the list for whom evidence of unexplained affluence had previously surfaced.)

At this point, CIA suggested, and the FBI agreed, that CIA, utilizing statutory authorities provided by the Right to Financial Privacy Act, should seek copies of Ames's financial records from banks and credit card companies where Ames was known to have accounts.

In June 1992, responses from credit card companies indicated that the Ameses charged as much as \$20,000 to \$30,000 per month. The Ames's credit card records also indicated additional overseas travel. The team learned Ames had not reported some of this travel, as required by CIA regulations.

In August 1992, a financial institution responded to CIA's inquiries, indicating that since 1985 hundreds of thousands of dollars had been deposited into Ames's accounts. The response also showed large amounts were received via wire transfers from an undetermined origin. CIA queried the bank for more information on the source of the wire transfers.

Further investigation of the wire transfers into Ames's various bank accounts from 1985 forward disclosed that approximately \$1 mil-

lion, as well as cash deposits of over \$500,000, had been moved into Ames's account, none of which was attributable to his salary. The investigators managed to directly correlate many of these deposits with Ames's operational meetings with Chuvakhin.

The CIA IG report points out that until this point, Ames's apparent affluence could have been explained by legitimate family wealth or even illegal activities in Colombia such as narcotics or emerald smuggling. When the team found a strong correlation between the meetings and deposits, however, they began to focus more urgently on Ames.

The CIA IG report also found, "Despite the significance of these findings.....the [task force] did not officially notify FBI Headquarters." According to a note from the senior unit member to the Chief of CIC, "We have not briefed the FBI in any formal manner and do not plan to do so at this time."

In October 1992, another piece of the puzzle fell into place when the joint unit learned that most of the wire transfers had involved transfers from a bank account of Ames at Credit Suisse in Zurich, Switzerland.

Formal Investigation

At that point, in October 1992, the joint unit was relatively certain that Ames was the spy they were looking for, although others remained under suspicion. In January 1993, the joint unit began briefing the FBI and other appropriate officials on its work, and began to contemplate turning the investigation over to the FBI.

In March 1993, the joint unit issued its final report, known as the PLAYACTOR/SKYLIGHT report. The report did not describe the specific information developed about Ames or any other CIA employee on the list of possible suspects, but it did provide a compelling analysis of the 1985 1986 compromises and of the subsequent efforts by the KGB to divert attention away from the presence of a "mole" within the CIA. It stated that as many as 30 CIA and FBI Soviet operations had been compromised or discontinued under unusual or suspicious circumstances between 1985 and 1986. The report reached several conclusions which were to prove very close to the mark:

We are virtually certain there was a KGB penetration of CIA who followed closely on the heels of CIA defector Edward Lee Howard. This subject probably began to disclose CIA/FBI operations to the KGB by July 1985, if not earlier. The KGB then proceeded to roll up our agents throughout 1985- 86.

The subject was assigned to CIAHQ in 1985 and was in a position to compromise Soviet operations virtually 'across the board.' The subject was employed in SE Division or one of a few slots in CI staff.

(The PLAYACTOR/SKYLIGHT report included, as an appendix, a list of approximately 40 people with access. Ames was on the list.)

The FBI Opens an Intensive Counterintelligence Investigation of Ames

On the basis of the work done by the joint task force, the FBI put an investigative team together in March 1993, and tasked the team members to acquaint themselves with the facts.

This effort led the FBI to begin an intensive investigation of Ames. Under applicable Attorney General guidelines, this meant that the FBI was able to seek authority under pertinent laws and Justice Department guidelines to employ a full array of investigative techniques against Ames. For instance, the Foreign Intelligence Surveillance Court issued orders authorizing electronic surveillance of Ames's office and residence. Other surveillance techniques used against Ames included mail cover (i.e., deriving information from envelopes addressed to and from Ames), and a clandestine monitor installed in his car to track his movements.

On June 25, 1993, the FBI conducted a search of Ames's office at the CIA. Approximately 144 classified documents were located in his work area, most of which did not relate to his official duties.

According to the CIA IG report, by mid 1993, significant information had been obtained from the relevant financial institutions, which further implicated Ames. The completed financial analysis showed that Ames had a total income of \$1,326,310 that could not be accounted for through salary and other known sources.

On September 15, 1993, a search of Ames's trash disclosed a torn note in Ames's handwrit-

ing which appeared to relate to a clandestine meeting planned for Bogota, Colombia on October 1, 1993.

On September 29, 1993, in a telephone conversation with his wife, Ames said that "my visit was canceled." His wife responded, "Does that mean you retrieve something?" Ames replied, "Yeah," presumably referring to new KGB instructions setting up a an alternate meeting. The following day Ames canceled his airline reservation to Bogota.

On October 6, 1993, a search of Ames's trash turned up a typewriter or printer ribbon which contained two documents which Ames appeared to have prepared in 1992. Among other things, these documents discussed CIA personnel, access to classified information, and classified operational matters.

On October 9, 1993, FBI agents conducted a search of Ames's residence in Arlington. Among other things, this search yielded (1) a typewriter ribbon which contained a note Ames had written to his KGB contact regarding a meeting in Caracas, Venezuela in October 1992; (2) a computer document which identified a mailbox at 37th and R Streets in Washington, D.C. as a signal site, and (3) a series of computer documents regarding Ames's relationship with the KGB. These computer documents included information on clandestine communications, classified CIA operations, classified CIA human assets, and information regarding the payments previously made to Ames.

On October 12, 1993, Ames spoke to his wife about leaving for work early the next morning to "put a signal down...confirming that I am coming." FBI agents followed Ames to the mailbox, and, while not observing him making a mark, they found a horizontal mark on the side of the mailbox at 7:00 a.m. the same day. Later in the afternoon, the chalk mark had been erased.

Later in October, Ames and his wife had several discussions picked up by the wiretap on his telephone related to his trip to Bogota. In particular, his wife was concerned that border officials would detect the large sums of money he traveled with.

On November 1, 1993, Ames traveled to Bogota, Colombia to meet his KGB contact. Transcripts of telephone conversations between

Ames and his wife established that Ames and his handler had, in fact, managed to meet twice while he was there; on the evening of November 1 and the afternoon of November 2.

From November 1993 until the time of his arrest, Ames was kept under virtually constant physical surveillance by FBI officers anticipating yet another passage of classified information. The investigation to date, while producing clear evidence of Ames's espionage activities, had not succeeded in producing tangible evidence of meetings between Ames and his KGB

handlers. But when the FBI, working with the CIA, learned in early 1994 that Ames, as part of his CIA duties, was scheduled to attend a conference in Moscow in late February, the FBI believed they could not postpone his travel yet again without alerting him, and, thus could wait no longer to make the arrest.

On the morning of February 21, 1994, FBI agents arrested Ames in his car outside his residence. His wife, Rosario, was arrested minutes later in their residence.

Excerpts from the Committee's Conclusions and Recommendations¹

In addition to selective editing for our readership, we have italicized those portions which may apply to other organizations.

Over the months since his arrest, it has become clear that Aldrich Hazen Ames caused more damage to the national security of the United States than any spy in the history of the CIA.

Obviously, something went terribly wrong. For a CIA officer to carry on espionage activities without detection for almost nine years indicates, on its face, a failure of the system. As the Committee began to look into this failure, *we found a bureaucracy which was excessively tolerant of serious personal and professional misconduct among its employees, where security was lax and ineffective. And we found a system and a culture unwilling and unable -- particularly in the early years of Ames' betrayal -- to face, assess, and investigate the catastrophic blow Ames had dealt to the core of its operations.* The system which permitted Ames' prolonged betrayal must be changed. The country cannot afford such calamities in the future.

In the discussion which follows, the Committee sets forth where we believe the system failed and what we believe should be done to correct it. *In the end, regardless of what the committee may recommend or what Congress may enact, fundamental change will come only if the Director of Central Intelligence, supervisors at all levels, and the employees of the CIA bring it about. The leadership must come from within.*

It is clear, given the immense national security interests at stake, that there was "gross negligence" -- both individually and institutionally -- in creating and perpetuating the environment in which Ames was able to carry out his espionage activities for nine years without detection.

As this report documents, the failures evident in the Ames case were numerous and egregious. While it might be argued that the majority of individuals cited by the Inspector General were guilty of acts of omission rather than commission, the seriousness of these omissions cannot be overstated. The failures of the individuals cited by the Inspector General led to the loss of virtually all of CIA's intelligence assets targeted against the Soviet Union at the height of the Cold War. Ten of these agents were executed.

If there is not a higher standard of accountability established by DCIs, then a repeat of the Ames tragedy becomes all the more likely. Management accountability within the Intelligence Community should be no less than the highest levels found elsewhere in the Executive branch.

Having noted in strong terms the magnitude of CIA's failures, the Committee would be remiss not to point out what went right. A traitor, responsible for heinous acts of espionage, was identified and convicted. He has been imprisoned for life. In the end, this was accomplished by the work of a small group of CIA and FBI personnel who took part in what became a long and arduous inquiry -- for some, lasting almost nine years. At least one member of this group appears to have pushed from the very beginning to get to the bottom of the 1985 compromises. It was his impetus that eventually put the investigation back on track in 1991.

The Failure to Deal with Suitability Problems.

From the outset of his career at the CIA, Ames demonstrated serious suitability problems which, over the years, should have led his supervisors to reassess his continued employment. These problems included drunkenness, disregard for security regulations, and sloppiness towards administrative requirements. In the

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years immediately before he began to commit espionage and during the rest of his career, *his supervisors were aware of his personal and professional deficiencies, but did not make his problems part of his official record, nor act effectively to correct them. Despite his recognized unsuitability, there is little evidence that his assignments, activities, or access to sensitive information were in any way limited as a result.*

In April 1993, when CIA headquarters asked Ames' supervisors in Mexico City whether Ames qualified for a staff position in another Latin American country, they recommended against it, citing his alcohol problem, his failure to financial accountings, and his generally poor performance. Nevertheless, six months later, when a former supervisor of Ames requested him to fill a position in the SE Division at headquarters -- the most sensitive element of the Directorate of Operations -- *there is no indication that Ames' alcohol problem or poor performance were ever noted.* Indeed, Ames was placed in a position which provided him access to the identities of virtually all of the Soviet intelligence officers by the CIA without his new supervisors being aware of the problems he had had in Mexico City.

The alcohol abuse counseling that Ames ultimately did receive upon his return to headquarters amounted to one conversation with a counselor, who, according to Ames, told him that his case was not a serious one when compared to many others in the Directorate of Operations.

In 1983, during the assignment in Mexico City, Ames also began an extra-marital relationship with a Colombian national. Rosario Casas Dupuy (hereinafter "Rosario"), herself a recruited asset of the CIA. Over time, the seriousness of their relationship became apparent to several of Ames' colleagues, but this never led to any action by Ames' supervisors, despite the fact that CIA regulations prohibit sexual relationships with recruited assets and require that reports of "close and continuing" relationships with foreign nationals be submitted by employees. *Despite the security implications of this relationship, the violation of Agency regulations was ignored.*

In fact, Ames did not file an official report concerning his relationship with Rosario until April 1984, four months after she came to the United States to live with him. Indeed, it ap-

pears that until their marriage in August 1985, Ames (still married to his first wife) and Rosario continued to live together, with any perceptible concern being registered by the CIA. While the counterintelligence staff recommended in February 1985, that in view of the anticipated marriage, Ames be moved to a less sensitive position, nothing changed. Ames continued in the same position.

Over his career, Ames repeatedly demonstrated carelessness and disdain for security requirements. In 1975, while on his way to meet a CIA source in New York, Ames left a briefcase of classified materials identifying the source on a subway train. Although the briefcase was ultimately recovered, it might well have compromised the source's relationship with the CIA. In Rome, he was known to prepare classified reports at home. During his assignments at CIA headquarters between 1989 and 1994, he was occasionally found in other CIA offices where he had no reason to be, and with materials he had no reason to have.

He was equally negligent throughout his career in complying with the administrative requirements imposed on officers of the Directorate of Operations, such as submitting financial accountings for the cases he was handling.

Despite these and other incidents, *Ames never received a single official reprimand during his 31-year career at the CIA. Indeed, most of the incidents and shortcomings which have come to light since Ames was arrested were never made a matter of official record.* Once on board, his fitness to serve in the Directorate of Operations was never reevaluated.

It is the Committee's perception, which the Ames case confirms, that the Directorate of Operations has been far too willing to dismiss or ignore flagrant examples of personal misconduct among its officers. Security concerns are too often dismissed as the bureaucratic whining of small-minded administrators. All too often an officer who has been through training, gone through the polygraph examination, and had an overseas assignment, is accepted as a "member of the club," whose fitness for assignments, promotions, and continued service becomes immune from challenge.

Director Woolsey, in a recent speech, said that the "culture" of the directorate must be

changed. The Committee shares that view. Such change will not come solely by changing regulations or personnel. It will come only when supervisors at every level of the directorate take seriously their responsibilities as managers. Personal misconduct should be documented. Officers who do not meet acceptable standards of personal behavior should not be assigned to sensitive positions nor qualify for supervisory

positions. Personal shortcomings should be factored into consideration of promotions and bonus awards. While officers with personal problems should be given an opportunity, as well as appropriate assistance, to rehabilitate themselves, failing that, their employment with the directorate, if not with the Agency, itself, should be terminated.

Failure to Restrict the Assignments and Access of Suspects in Counterintelligence Cases

The Ames case reveals glaring weaknesses in the CIA's procedures for dealing with the career assignments of employees who are under suspicion for compromising intelligence operations. The CIA failed to restrict Ames' assignments and access even after information surfaced in 1989 which indicated Ames was a possible counterintelligence problem.

In September 1989, after a poor tour in Rome, which was known to the managers in the SE Division, his SE superiors allowed Ames to return to the SE Division and assigned him to the office supporting to all Soviet and East European operations in Europe, a position affording him broad access to sensitive information. He remained assigned to the SE Division until August 1990. During this period, investigators learned about Ames' unexplained affluence and developed information regarding several large bank deposits and a particularly large currency exchange. Yet none of this appears to have had any bearing on Ames' continued assignment or access during this period.

In October 1990, SE Division managers reassigned Ames to the Counterintelligence Center (CIC) because he had performed poorly and they wanted him out of the Division. Apparently, supervisors in the CIC knew Ames was a poor performer and were aware that questions had been raised about his unexplained affluence. Yet they believed they could manage the problem. After his arrest, these officials recognized that Ames' position had given him access to data which identified virtually every double agent operation controlled by the United States. It is unclear how or why his CIC supervisors did not ascertain or evaluate the extent of his access at the time.

In April 1991, while Ames was assigned to the

CIC, the Office of Security carried out an updated background investigation of Ames. The results of this investigation were evaluated and shared with the investigator assigned to the special task force. Reflecting interviews with his co-workers in Rome and his Arlington, Virginia neighbors, the investigation produced information that Ames had frequent contacts in Rome with Soviet and East European officials not fully explained by his work requirements, frequently violated security regulations by leaving his safe open and doing classified work at home, and lived far beyond his CIA salary in both Rome and Arlington. (One of those interviewed went so far as to say that he would not be surprised if Ames were a spy.)

Inexplicably, the CIA security officer who reviewed the investigative report evaluated it as "raising no CI concerns," and the task force investigator assigned to the case did not regard the report as providing any new information. Ames retained his security clearance and his job in the Counterintelligence Center, and no further action was taken to follow-up on the information developed in his report. Indeed, the special task force members viewed the investigative report, together with the favorable results of the April 1991, polygraph, as giving Ames "a clean bill of health."

In September 1991, despite having been "booted out" of the SE Division a year earlier, and despite the special task force inquiry then underway. Ames was allowed to return to the SE Division to conduct a special study of the KGB. While the study itself did not call for particularly sensitive access. Ames once again was given access to the personnel and records of the SE Division.

Recommendation: The Director of Central Intelligence should establish procedures to inform current and prospective supervisors about employ-

ees under suspicion in counterintelligence cases. While the need to protect the secrecy of the investigation is essential, as well as the need to protect the employees themselves from unfair personnel actions, the assignment of employees under suspicion without frank consultations at the supervisory level increases the likelihood of serious compromises and leads to conflict between CIA elements.

Recommendation: The Director of Central Intelligence should issue procedures to require, in any case in which an employee is under suspicion for espionage or related activities, that a systematic evaluation be made of the employee's access to classified information, and that appropriate and timely actions be taken to limit such access. While care must obviously be taken to ensure that such actions do not tip off the employee that he or she is under suspicion, the failure to evaluate the access of an employee in these circumstances may eventually result in damage that might have been prevented.

Control of Classified Documents and Materials

The Ames case also demonstrated gaps in the control of sensitive classified information. Ames was able--without detection--to walk out of CIA headquarters and the U.S. Embassy in Rome with bags and envelopes stuffed with classified documents and materials. Many of the classified documents he passed to his KGB handlers were copies of documents that were not under any system of accountability. Ames did not even have to make copies of them. In his last job in the Counternarcotics Center at the CIA, Ames was able to "download" a variety of classified documents onto computer discs and then simply remove them to his home. When he attended a conference in Turkey in 1993, he brought a lap-top computer to do work in his hotel room. This apparently raised no security concern among those familiar with the incident. He was also able to visit offices he had no reason to be in, and gain access to information he had no business seeing.

In the late 1970s, the CIA instituted a policy calling for random and unannounced spot-checks of personnel leaving Agency compounds. But the policy was discontinued soon thereafter due to the inconvenience caused to those subject to such searches.

Ames recounted later that his KGB handlers were amazed at his ability to gain access to sensi-

tive operations and take large bundles of classified information out of CIA offices without arousing suspicion, a sad commentary on the laxness of security at the CIA.

Recommendation: The Director of Central Intelligence should reinstate the policy making persons leaving CIA facilities subject to random searches of their person and possessions, and require that such searches be conducted unannounced and periodically at selected locations. Such searches should be conducted frequently enough to serve as a deterrent without unduly hampering the operation of the facilities involved.

Recommendation: The Director of Central Intelligence should institute computer security measures to prevent employees from being able to "download" classified information onto computer diskettes and removing them from CIA facilities. In addition, existing policies for the introduction, accountability, dissemination, removal, and destruction of all forms of electronic media should be reevaluated. The ability of the CIA's security managers to "audit" specific computer-related functions in order to detect and monitor the actions of suspected offenders should be upgraded.

Recommendation: The Director of Central Intelligence should institute a policy requiring employees to report to their supervisor any instance in which a CIA employee attempts to obtain classified information which the CIA employee has no apparent reason to know. In turn, supervisors should be required to report to the CIA Counterintelligence Center any such case where a plausible explanation for such a request cannot be ascertained by the supervisor.

Recommendation: The Director of Central Intelligence should institute new policies to improve the control of classified documents and materials within the CIA. In particular, the Directorate of Operations should undertake an immediate and comprehensive review of its practices and procedures for compartmenting information relating to clandestine operations to ensure that only those officers who absolutely need access can obtain such information. Further, the Director should establish and maintain a detailed, automated record of the access granted to each of its employees.

Coordination of Security and Counterintelligence

The Ames case demonstrated a serious division

between security and counterintelligence activities in the CIA. Even though an investigator from the Office of Security (OS) participated in the investigation of the 1985-86 compromises under the auspices of the Counterintelligence Center (CIC), he failed to coordinate properly with OS with respect to Ames' 1991 polygraph examination. OS had initiated a background investigation of Ames in March 1991, but went ahead with the polygraph in April without the benefit of the background investigation. As it turned out, the background investigation provided significant information about Ames that was largely ignored by the investigator assigned to the CIC in light of Ames' passing the polygraph examination.

Citing senior security officials, the Inspector General's report noted there had always been a "fault line" in communications between the CIC and its predecessors, and the OS. The CIC had not always shared information regarding its counterintelligence investigations and had failed to make use of OS's investigative expertise. Indeed, the search to find the cause of the 1985 compromises might have moved more quickly from analysis to investigation if there had been better coordination between security and counterintelligence.

The Inspector General's report also found "a gradual degradation" of the resources and authority given the security function since 1985, concluding that "this degradation has adversely affected the Agency's ability to prevent and deter activities such as those engaged in by Ames..." The Committee shares the view that this decline has been too great and too precipitous.

The Need for Continued Follow-up

Many of the problems identified by the Committee are deep-seated and pervasive, and will not be solved easily or quickly. Yet these problems are too important and too integral to the functioning of an agency with important national security responsibilities not to merit continuing and intensive scrutiny by both CIA managers and the congressional oversight committees.